UNDER THE SURFACE IN WASHINGTON

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Hungry Europe: easy prey for dictators . . .

The American people are beginning to get a glimpse of the chaotic and dangerous economic condition of Europe, but they have been given no clear idea of what the Administration really can or expects to do about it.

Is it Administration policy to feed America first, to give Europe what can easily be spared from U. S. dinner tables, wardrobes and coal bins, as would be expected of any wealthy citizen in a disaster-stricken city?

Is it to announce a firm intention to pull a little tighter the belts at home—and for a longer period than most have been led to expect—until Europe can regain its economic sea legs and pull its own weight for peace and democratic rule in the postwar world?

Or is it to call for a middle course between the humanitarianism obviously called for and a hard-headed, self-interest policy of jumping in to clean up the economic plague and pestilence of Europe before it begins to infect our own way of living?

Pickings for dictators . . .

The evidence mounts that the kind of Europe we will have to live with in the postwar world isn't necessarily the one we know now, but the one that emerges from the cold, hunger and misery of the coming winter.

Item: "The future permanent peace of Europe depends largely upon restoration of the economy of these countries, including a reasonable standard of living and employment. . . . A chaotic and hungry Europe is not fertile ground in which stable, democratic and friendly governments can be reared."—Judge Samuel Rosenman, special assistant to the President, in his report on a special mission to Europe.

Item: "Paris, July 29.—The prospective coal famine in Europe may reach such serious proportions that unless drastic measures are taken to alleviate it a vast tide of unemployment will result as the armies, both victorious and vanquished, are demobilized into idle factories and unheated homes situated in largely isolated areas and cut off from one another by the sorely limited transportation links." —C. L. Sulzberger in the *New York Times.*

Item: "It has suddenly been brought home to Americans that this Europe is not only a charge upon us but a danger. . . . Peace cannot even be imposed, much less built, on misery and despair. We have fought a terrible war for Europe, but we will not win it until the elemental needs, bread, work, and stability, are satisfied."—Anne O'Hare McCormick in the *New York Times.*

Out of focus . . .

While the observers in Europe are filing these reports, public attention in the United States is focused on civilian food "shortages," and most people seem to expect early and permanent relief.

There are complaints that workers in some heavy industries aren't getting enough meat. Fearing a drop in dairy and egg production, the feed industry clamors for a subsidized feed wheat program.

OPA reduces red point ration values for August. Department of Labor takes pride in announcing that there was more meat on U. S. dinner tables in mid-July than during either June or May.

Department of Agriculture scours the world in search for greater food and feed supplies, partly to relieve shortages at home. The Army is accused of passive resistance in getting coconut oil back from the Philippines, in releasing trucks, jeeps, mules and other equipment to UNRRA in Europe so more food can be produced on the spot and what there is better distributed.

Net effect is to confuse the public, to give the impression that the American people are unwilling to pull up their belts another notch, even if it means pulling Europe through its most critical winter and keeping it within the family of democratic nations.

There is growing sentiment here for a clear-cut Presidential statement on U. S. food, relief, and rehabilitation policy abroad—with the accent on letting the public know what to expect, and why.

Many feel that what the American people need most are facts: What does Europe need; how much food has been sent; how much more can the U. S. spare without endangering nutritional standards; what are the alternatives.

Office of War Information has made a start by compiling information on Europe's needs from all the official sources available.

Europe's most pressing needs are for *food* to sustain life and to provide energy for its now idle labor; *coal* and other fuel to get its industries running; *transportation* to make full and effective use of what she can produce for herself.

France last year lost 300,000 tons of sugar for want of transportation to haul or coal to refine its entire crop of sugar beets. Result: 200,000 tons must be shipped in.

A hard political choice . . .

Many feel that if the U. S. intends to go the limit in providing Europe with the minimum of food, fuel and transportation necessary to prevent the rise of dictators or the spread of communism, the public should be told that it can't expect any miraculous improvement in food supplies.

If the policy isn't to go the limit, it is felt the people should be told why, should be made aware of the political consequences to our postwar relations with Europe.

President Truman is now in Europe getting an on-the-spot view of conditions. The implications of the British election, the political unrest in Belgium, the resistance to DeGaulle in France, cannot escape him.

In his report to the nation on his re-

Washington expects . . .

A Presidential statement on U. S. food policy, page 1.

Anderson to streamline USDA along commodity lines, page 2.

End of Jap war within six months, page 3.

Shift in subsidy policy coming from O'Mahoney bill, page 3.

Tightening of controls on feed grains, page 3.

turn, the President is expected to emphasize the role of food in the rehabilitation of Europe, and many hope he will outline the part America is expected to play.

The President's choice is a difficult one to make politically.

If he decides that Europe must be kept on an even keel, even at the cost of some belt tightening at home, he runs the risk of losing some political hide in the next campaign, starting in less than 12 months.

If Europe goes hungry this winter, he is threatened with political unrest and upheavals abroad that might endanger the peace, uproot governments, and swing Europe permanently out of the orbit of U. S. democratic influence.

The case of the reluctant groom and the timid bride . . .

Early this month, Secretary of Agriculture Anderson is expected to announce his plans for reorganizing the Department of Agriculture into what he hopes will be a more efficient operating arm of the government.

For weeks the corridors have been buzzing with speculation over which way the plans will go and how deep they will cut.

Anderson has had a panel of four outside "experts" drafting reorganization plans, and their recommendations have been kept as closely guarded as a military secret.

But out of four weeks of discussion has emerged the pattern of reorganization that Anderson wants. He has two main specifications:

(1) He wants clear-cut responsibility centralized in the key officials under him and all program work put in easily identified packages that can be found without hunting all over the department.

(2) He wants the department so organized that it will continue to function without another making over when the war jobs end.

Half of the job done . . .

As Anderson's reorganization chart now stands, subject to some modification, it pulls together the functions of production and distribution, now scattered through several agencies, under a single administrator. He will be top man next to the Secretary and Undersecretary.

Under the production and distribution director are a string of commodity bosses, one for each important commodity or group of commodities. Their job will be to ramrod programs for meats, sugar, cotton, grains, fats and oils, etc., through from farm to dinner table.

Also in the production and distribution setup is another string of service agencies for banking (CCC), transportation, warehousing, labor, etc., which will work for all the commodity men.

All field work dealing with production that reaches down to the farmer is channeled through AAA.

It's planned also to abolish all regional offices possible, funnel regional work through state offices. This is as far as Anderson's chart now goes.

The hottest question is where Soil Conservation Service, Farm Security Adm., and Farm Credit Adm. fit into this picture—whether they'll be folded into the production field agency, set up alongside it, or left alone.

The latter isn't likely. One plan getting considerable attention is to bunch the credit agencies into a single administration within USDA. However, the question of field organization is unsettled, except that the trend is toward consolidation all down the line.

It is one of Anderson's hardest organization nuts to crack. Every agency has some political friends in and out of Congress who don't like to see the work of their favorite bureau too much tampered with.

No break with the past . . .

Anderson's reorganization chart makes no significant break with the past. In fact, it bears a close resemblance to the organization of AAA back in the early thirties when AAA had charge of production, marketing and distribution.

On paper, it sets up a streamlined machine that should result in greater efficiency and less administrative confusion.

Whether the farm program shots fired from Washington will drive straight to their mark, or scatter like buckshot, depends as the chart now stands on the teamwork between the boss of production and distribution and the head of AAA.

The commodity units of production and distribution will be using AAA personnel to reach the man on the acres. Unless the ideas of grass-roots farmers are carried up to the commodity planners in Washington, and the programs shaped there efficiently carried back, the new machine, which looks fine on paper, breaks down.

Some farm leaders had hoped for a clean break with the past. They wanted, and are still after, basic new legislation that would weld agricultural programs together under farmer leadership in the counties—something akin to the Voorhis bill, which has been collecting dust in Congress for two years.

This agitation might produce results some time in the future. It isn't indicated now. Agencies which have become as well established as most of those in the Department of Agriculture tend to become fixed and to resist basic change.

In the case of USDA, the groom is reluctant and the bride is timid. In these circumstances, Anderson will have to be an expert matchmaker to get the principals together without making political enemies.

Eventually, it's expected that some sort of a marriage of federal farm agencies in the counties will be performed—even though it may be no more than a "trial marriage" in which the principals set up housekeeping under a single roof.

This has been discussed for several years, but no Secretary of Agriculture has had the courage to bring the principals to the altar.

Senator Guffey (D., Pa.) hinted at this the other day. He said:

"The time has come for a just appraisal of all functioning programs and the making of consolidations which will bring about a less confusing picture to farmers and a more economical vehicle of government . . .

"Today—as we face ultimate victory in the not-too-distant future—we must give thought to the consolidations necessary to economies of the postwar period . . .

"Some states found it profitable during the depression to use public works money for agricultural buildings in each county. All the agricultural programs were housed under one roof . . .

"As we face the future, we should think about the consolidation of federal farm programs under one roof and tie that necessity to our plans for postwar developments in connection with public works."

Mother-in-law trouble . . .

In the last year, many of the agency heads have come to the conclusion that a wedding of some kind must come off. But they are concerned over who is going to marry who.

Soil Conservation Service, as timid a maid as ever was popped the question to, nearly fainted last week on hearing rumors that its hand had been offered in marriage to Extension Service.

Farm Security Administration is fearful that it might wind up as little more than kitchen help taking orders from another boss.

AAA is afraid of family adoptions in the form of appointive county administrators that might restrict the functions of its elected county committees.

And over all the federal agencies hovers the fear of Extension Service poking its nose like an inquisitive mother-in-law into the affairs of the newlyweds.

But this time it looks as though the federal agencies would have to swallow their pride, buck up their courage, and march off to church. Public sentiment, as it is reflected by Congress, seems to think that two or three can live as cheaply as one, and that the kids have reached the age when they should set up housekeeping.

Current of war optimism is running strong here . . .

Though military officials insist that their plans are based on fighting well into 1946, the current of war optimism is running strong in Washington.

Top bracket civilian administrators doubt that the Japs can hold out longer than six months. Reminders of the bad guessing on end of the war in Europe fail to dampen the optimism.

It is based on Allied ability to concentrate overwhelming land, sea and aerial power against any chosen Jap area, the rapid shift of land forces to the Pacific, the sea blockade of Japan, hope for early Russian entry into the war, and apparent recognition of Jap leaders that it's only a matter of time until the jig is up.

Many of the top U. S. military analysts, however, say that it's impossible for occidentals to probe the Japanese mind; that while their military position is hopeless, it is possible the Japs will go on fighting to the bitter end. Should this happen, Pacific fighting could string out for months.

What about farm prices?

Nevertheless, it isn't too early for farmers to begin thinking about the effects an early end of the war might have on their prices, programs and production.

Most responsible officials figure Jap defeat within the year would make 1946 the last year of high prices for most farm commodities. Some, like cattle, might get into immediate trouble, because of the urge to sell before the downgrade sets in.

But even with an early Jap defeat, farmers will be called on for another year of high production in 1946. With but few exceptions, national crop goals are expected to run as high next year as the 1945 total.

Fear of postwar surpluses is still apparent in some parts of USDA, but it is more than counterbalanced by the high production policy of Secretary Anderson, and a feeling that no real surpluses can develop before the fall of 1947.

High cost of subsidies . . .

What of subsidies and price supports? Congress has yet to spell out conditions under which the Department of Agriculture, without a large annual outlay of funds, can support farm prices for two years after the formal end of hostilities.

Should the war end within the year, Commodity Credit Corp.'s subsidy authorization, unless renewed, would expire by the end of December.

Postwar government operating cost, including obligations to veterans and cost of peacetime military establishments, is estimated at close to $25 billion a year. Congress will be in a budget-paring mood. Tendency will be to pull out of subsidies as rapidly as they can be removed, let farmers find their price in the market place.

The temptation to yield to inflationary pressures will be strong, and is one of the greatest concerns of most high officials.

Still another question is that of labor's buying power (for farm and other products) after the war. Some high officials expect a $30 billion drop in national income by 1947, and from seven to eight million workers out of jobs.

Thus far, the Administration has no program for reconversion capable of easing back into peacetime production without danger of serious economic jolts. Administrative machinery is gummed up by the Rube Goldberg collection of war agencies.

President Truman is leaving the job up to Congress, and Congress has gone home until fall.

Farm business—as it looks from Washington . . .

Reports of hot weather in the Corn Belt last week brought the most cheering news Secretary Anderson has had since he took over the reins of farm and food management a month ago.

Anderson's political future is hitched to a large extent to the weather behavior in the next two months, whether the corn crop is large or small, whether he'll be able to find enough feed grains to warrant some expansion in livestock for a meat-hungry consuming public next year.

Until he can see another big corn crop safely beyond danger of frost, Anderson is preparing for the worst and hoping for the best. These feed moves are in the making:

Corn: It's planned to restrict use of corn by feed mixers to certain specified purposes, such as for laying and growing mashes. Supplies to wet and dry corn processors will be limited to about three-fourths of plant capacity.

Feed wheat: For a limited period, the Administration had planned a feed wheat program which would subsidize in-shipments of wheat at the rate of around 15 to 20 cents a bushel.

But after taking another look at wheat supplies and requirements, Anderson decided, for the time being, to call off the feed wheat program. It was found that more wheat has gone into feed than expected. It was feared that a subsidy program would reduce carryover next year to the danger point.

But the outcry for feed wheat continues. Anderson might still be forced into some kind of a feed program, nature of which is not yet indicated.

Much hinges on outcome of the corn crop. The August crop report is expected to show an improvement of around 100 million bushels. But if corn is caught in an early frost, more rigid controls on feed grains will be indicated.

Imports: Anderson has passed the word along that he'd like to do some shopping for food and feed supplies in foreign countries. A check of prospects indicates that the shopping is poor.

Sizeable quantities of oats, some malting barley, and some wheat, though not as much of the latter as last year, will be available from Canada. Elsewhere, most of the supplies either are short or already are tagged for other governments.

A fact that many people forget, and which explains the desperate plight some countries are in for food, is that a good part of the world's food producing area has been blighted by drouth this year. The area includes Australia, Argentina, North and South Africa, Turkey, and parts of the Balkan and Mediterranean regions.

Sugar: A 1946 sugar beet goal of 1,025,000 acres—245,000 more than is indicated for harvest this year—is proposed in tentative recommendations submitted to Secretary Anderson.

Either a boost in the price of sugar or an increase of $1 a hundred in subsidy to growers is recommended as a further production incentive. But neither of these are final—they still have to get Anderson's OK.

Hogs: Announcement of the 1946 spring pig crop goal will be a clue to grain users on where Anderson plans to put the emphasis on use of feeds, and what feed corners he's likely to have to cut.

Anderson wants to expand hogs next year as far as feed supplies will let him. He'd like to have an increase of five to ten percent. But he won't make a decision until this fall when he can tell where the feed is coming from. The feeling grows that Anderson will do well to maintain livestock production at this year's level.

Poultry: USDA is preparing an order to extend the poultry setaside into the Midwest. It will give the Army first call on approximately 50 percent of commercial production. But flocks under 50 birds will be exempt from the order.

O'Mahoney bill paves the way for shift in subsidies . . .

Little noticed in the legislative scramble to clear the decks before the summer recess was an innocent-looking bill by Senator O'Mahoney (D., Wyo.) which slid through Congress without a whimper.

Ostensibly, its purpose was to authorize a new subsidy on lambs.

Actually, the new bill represents a major development in subsidy legislation.

It does *not* increase subsidy funds.

But it does give the Secretary of Agriculture more complete and more flexible control over the $1,730,000,000 in sub-

sidy funds which Commodity Credit Corp. and Reconstruction Finance Corp. have been authorized to spend up to next July 1, if the war lasts that long.

The new bill gives Secretary Anderson authority to say what commodities shall be subsidized, in what amounts, and by what methods.

This makes it possible, if Secretary Anderson chooses, to juggle subsidies around —to increase some at the expense of others, to shift payments from processor to producer, or vice versa.

Key provision of the new bill is the one which permits Commodity Credit to increase its subsidy expenditures on certain products so long as the RFC subsidy expenditures on the same products are correspondingly reduced.

Heretofore, CCC has been limited to spending approximately $845,000,000 in subsidies up to next July. RFC subsidies have been restricted to $885,000,000— $190 million on flour, $100 million on butter and butterfat, $595 million on meats. There was no provision for transferring either subsidy funds or subsidy authorization from one agency to the other.

The new limit on CCC subsidies is raised by the RFC total, provided the funds are used for the same classes of products, and provided RFC reduces its subsidy payments a dollar every time CCC increases its payments a dollar.

Subsidy withdrawal . . .

Just how Secretary Anderson will use his new authority, whether it will fit into his ideas of eventual removal of all food subsidies, still is to be worked out.

Anderson has made it clear that he wants to pull out of food subsidies as soon as possible. Making his maiden speech as Secretary to the Advertising Federation of America in New York, Anderson said:

"I have already started discussions with Will Davis, the fine director of the Office of Economic Stabilization, as to the possibility of the eventual removal of all food subsidies."

He said withdrawing food subsidies may be difficult, "but the job must be done, and if it is not to have serious implications for the producer, it must be done when the demand is good and the price is strong."

Anderson is represented as having in mind the so-called "consumer" subsidies, such as on meats, butter, cheese, peanut butter, shortening, etc.—not the subsidies intended mainly as price supports to farmers.

But his statement has given rise to some speculation over whether he intends to let farm prices crawl up a little; whether the Administration is preparing for another "strategic withdrawal" from the present price-wage line, which already is cracking in many places.

A check of responsible officials indicates there will be no *general* retreat on either wages or prices for the time being.

On labor, a possibility that shouldn't be overlooked is for the Administration to lift the Little Steel formula wage ceiling and let labor do its own wage bargaining —but so time the change with the return of veterans that the bidding for jobs would offset the tendency for wages to go up.

On farm prices, Anderson's general tendency is to let farmers get a little more of their price in the market and a little less in the form of subsidy.

He also is known to be tinkering with the idea of shifting some of the processor subsidies (on meats) over to the producer.

A combination of the two ideas shouldn't be ruled out, though to date the Administration hasn't come up with a specific scheme for subsidy withdrawal.

Current straws in the wind indicate that such farm price boosts as might come from subsidy withdrawal are likely to be few, and only if price is holding back production.

One is that Anderson is no inflationist, is aware of the danger of touching off a postwar price spiral, and as he gets better grounded in his new job is finding that price alone isn't a handy cureall for food shortages.

Another is the attitude of OPA, neither as strong in Congress nor at the White House as it was six months ago, but still a potent influence on keeping prices within bounds.

OPA Director Bowles wants subsidies withdrawn "as rapidly as possible" in line with price control, but he emphasizes two important points:

One is that withdrawal of subsidies to processors shouldn't in all cases mean a corresponding increase in price ceilings. Bowles feels that if there is any "water" in processors' margins, a good time to squeeze it out is when subsidies are withdrawn.

The other is that withdrawal of producer subsidies shouldn't necessarily mean a return higher than the level of subsidy plus price. Bowles might agree to exceptions to this when it could be shown that price increases are necessary to boost production.

New lamb subsidy . . .

The new lamb subsidy may or may not give a clue to Anderson's thinking.

It is viewed here as a guinea pig operation which, if successful, might later be applied to cattle.

The subsidy on lambs ranges from $1.50 to $3.15 a hundred, depending on weight and increased each month to give the highest rate during the winter months when most fat lambs are marketed. All other sheep are subsidized at $1 a hundred. The 95-cent a hundred subsidy to packers will be withdrawn.

Purpose of the lamb subsidy is to check the liquidation of ewes by giving a greater price incentive to lambs than the market now provides.

This scheme is in line with the proposal to shift the subsidies on meat now paid to processors over to producers. General theory back of it is that farmers would be sure of getting a direct subsidy, and with all the money in one place it could be pulled out a little at a time as conditions warrant until prices are eased back down to support levels.

If the current guessing on end of the war (within six months) comes close to being right, policy on subsidies for postwar price supports becomes of far greater concern to most farmers than temporary price advantages on a few commodities.

Milk in packages instead of bottles for postwar?

One of the wonders of the postwar world which has been forecast by some of the prophets is milk which will come to our kitchens in packages instead of bottles—dried milk instead of fluid milk.

It would give the productive Midwest a chance to break into big Eastern city milk markets, now the virtual monopolies of nearby dairymen. Dehydrated and properly packaged dried milk can be shipped anywhere and distributed cheaply through stores.

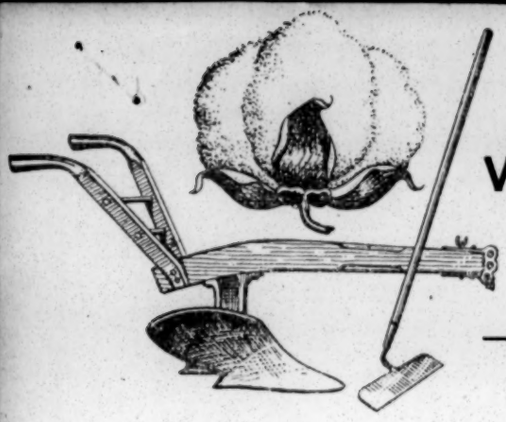
Even the more cautious of the prophets think that such a development will come true, at least in part, making considerable change in the American dairy map as well as in the American diet.

The first pilot survey of what American housewives think of dried milk—and that's the real test of how much and how soon dried milk may begin to supplant fluid milk—has just been made in Houston, Texas, by the Department of Agriculture.

Interviewers talked to 1,500 Houston housewives, and to grocers. They asked them about dried whole milk, and dried skim.

Houston, with a war-swollen population, has been short of fresh milk. The investigators found that 17 percent of Houston housewives had tried dry milk. Most of the stores were selling it.

Most of the housewives tried the dried milk, either as an experiment or because fresh milk was short. A lot of them didn't like the taste of either dried whole or skim, but quite a few or them did. They found it convenient to have on hand, said it kept well, quality was good and it was economical. Many of them complained that it was hard to prepare.



WASHINGTON FARM LABOR LETTER

EDITED BY
EVELYN SMITH MUNRO

August 15, 1945

FARM LABOR PROBLEMS MAY BE SHIFTED TO DEPARTMENT OF LABOR

There is a report in Washington that jurisdiction over farm labor will be taken from the Department of Agriculture and turned over to the Department of Labor. This is a part of a general move to place all labor problems under one roof. This is all to the good. Farm labor would cease to be an orphan if such a shift were made.

Once the shift is made, experts in Washington foresee the same problems for the new Secretary of Labor, Lewis B. Schwellenbach, as were experienced by Farm Security Administration. As long as the agricultural extension service retains control over farm labor locally, it will continue to prohibit programs for wages, housing, health, and sanitation, from being established. The extension service is administered by county agents whose interests in the South are those of the large plantation owners organized in the Farm Bureau Federation.

Decisions made in Washington with respect to farm labor while county agents retain their present power, will be subject to veto on the local level. Political pressure will prevent any effective programs for farm labor developed by the Labor Department from being carried out.

DELMO LABOR HOMES BEING SOLD AUGUST 23RD.

Farm Security Administration has extended the date for bids to be received on the Delmo Labor Homes in southeast Missouri until August 23rd.

In the meantime, a Housing Corporation has been formed in Missouri by a group of prominent St. Louis citizens headed by Bishop William Scarlett, to aid the residents and others to purchase the homes, small tracts of land, and household furnishings.

Residents and other farm families have raised $20.000 cash at the rate of $100 per family to be offered as a down payment on the homes. A similar amount has been pledged to be paid within 60 days. If the bid made by the Corporation is accepted by FSA, the residents will pay monthly payments over a period of years and receive a deed to their homes.

The plan for private purchase of the project was worked out following the failure of Congress to act on legislation introduced by Congressman Frank E. Hook

of Michigan. Hearings were held in Washington on July 10, attended by residents of the project and others interested in saving the housing project from being broken up and sold as salvage to large planters.

Rev. David S. Burgess, Congregationalist minister who has been working with the Southern Tenant Farmers Union in attempts to save the housing project for the farm families, charges that reactionary officials of the Farm Security Administration are more interested in "the High Dollar" than in the human values of poor people owning their homes. Burgess requests organizations and individuals to wire and write Frank Hancock, FSA Administrator in Washington, and demand that the people be permitted to buy their homes, land, and furniture.

RURAL HOUSING
LEGISLATION INTRODUCED

Senate Bill 1342, The General Housing Act of 1945, was introduced in the Senate last week by Senators Robert F. Wagner and Allen J. Ellender, along with the Taft Committee Report.

Both the Wagner-Ellender Bill and the Taft Report point to the need for rural housing, although the Bill only provides concrete proposals. The provisions for rural housing contained in the Bill are basically of two types: (1) Non-subsidized housing on a basis similar to the Tenant-Purchase Program of the Department of Agriculture providing 3% loans and long term payments, and (2) Subsidized housing to be administered through local housing authorities by Federal Public Housing. Five million dollars a year for five years for subsidies is asked. It would make possible approximately 300,000 rural units.

The Taft Report points to the lack of adequate information and proposals regarding rural housing and stresses the urgent need for study in this field.

Federal Public Housing badly needs a rural section staffed by specialists in the field. Its present staff is totally inadequate for this purpose, and although officials recognize the need, they are prohibited from doing significant rural work by lack of funds.

FEPC BLOODY
BUT UNBOWED

The work of the Fair Employment Practices Committee has been continued by Congress, but with only half as much money appropriated for its use as last year.

The present appropriation was secured only after a magnificent battle by the agency's supporters who were able to keep in suspense funds for all other agencies covered by the Appropriations Bill until the FEPC matter was settled. (Congressman Clifton Woodrum D, Va., said he voted for the FEPC appropriation because he saw no other way to get funds to the other agencies.)

FEPC will be seriously crippled, however, by the cut in funds and has been compelled to reduce its staff. Several proposed plans are under consideration for the continuation of work....including the possibility of spending the money appropriated in less than one year or using volunteer workers.

Even though the agency has been seriously weakened, the fact that it received any appropriation in face of the bitter opposition of a congressional minority demonstrated its great majority support.

Many members of the Southern Tenant Farmers Union were among those who wired and wrote their senators asking support for FEPC.

Following the present House recess an effort will be made by proponents to secure adoption of the Norton Bill to create a permanent FEPC, and continued and increased support will be needed at that time. Already 131 signatures have been secured to a petition to bring the Norton Bill out of committee.

NEWS FROM THE FIELD

$625 ANNUAL WAGE FOR FARM LABOR ASKED

A crusade for an annual income of $625 for all farm labor in the cotton producing South has been announced by the Southern Tenant Farmers Union, which has distributed 10,000 printed circulars announcing the demand throughout the Delta region of the Mississippi River Valley.

This demand amounts to an average of $1.72 for each day in the year, or to $5.00 for each 10 hour day for the average 125 days employment of cotton workers in this highly seasonal work.

Simultaneously with the Union's efforts to set a floor under wages at only a fraction of the average wage in the rest of the country, organizations of planters have been calling on the War Food Administration to set a ceiling on farm wages throughout the Delta area, according to H.L. Mitchell, President of the Union. The Arkansas Agricultural Council and the Delta Council of Mississippi have petitioned WFA for such a ceiling, he reported.

According to Mitchell, a group of planters in Louisiana is forming a combination to enforce a ceiling of $1 a day on wages paid farm labor in the state.

STFU PLACES STUDENT WORKERS

Nearly 400 southern college students found essential work in the food processing industry this summer through the efforts of the Southern Tenant Farmers Union.

These student workers, many of whom live in rural areas of southern states where their families are farm workers, arrived June 1, in Bridgeton, N.J., where they will be employed for the summer months in the Deerfield Packing Corporation plant. They are housed in the Federal Housing Project known as Seabrook Dormitories which also houses Japanese-Americans, Negroes, and whites.

The placement of these student workers is a part of a larger plan for organized migration of southern farm workers was begun in 1944 by the STFU and the Meat and Cannery Workers Union (A.F. of L.) which has collective bargaining

contracts in plants on the Atlantic coast. Thousands of members of the STFU have worked in a number of these plants under the jurisdiction of this A.F. of L. union during their off seasons on the cotton plantations of the South.

UNION MEMBERS
GET MILCH COWS

Eighteen families, members of the STFU, received a pure bred Guernsey milch cow on August 2nd. The cows are heavy milkers, giving 5 to 6 gallons a day. The cows were contributed by the Heifers For Relief Committee of the Church of The Brethren, whose headquarters are in Nappanee, Indiana.

The transaction was handled by the Arkansas Farm Tenants Cooperative Association. Each family that received a cow paid the transportation costs and is obligated to return the first heifer calf to the cooperative association which will make the increase available to another needy family.

UNION MEMBERS GET SEASONAL JOBS
IN CALIFORNIA AND NEW JERSEY

Several hundred more STFU members left the South during July and August for 8 weeks work in food processing plants in California and New Jersey. Nearly 100 workers are now employed at Stockton, Cal., while others are working in various plants in south Jersey.

A contract for sending 300 men to the Campbell Soup Co. of Camden, N.J., was cancelled by the company just as the men were preparing to leave their homes. Local 80, Food, Tobacco, and Agricultural Workers Union, C.I.O., once known as UCAPAWA, which has the maintenance of membership contract with this company, threatened to strike the plant if any STFU members were hired. No objection was raised in 1944 when a larger number of STFU members were hired by the company for the tomato season. The local union did not have men available for the jobs nor does their contract call for all workers to become members of that local if employed. However, the communist leadership of the International Union saw fit to refuse to allow STFU members to be employed under any conditions and thus denied a few weeks work to 300 unemployed men. It will be recalled that the STFU was forced to withdraw from C.I.O. in 1939 when the same group of political lepers tried to wreck the sharecropper organization.

agriculture

UNDER THE SURFACE IN WASHINGTON

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Reconversion: for monopoly or mankind?

After the first spontaneous outburst of relief and joy that the killing is ended, the Capital is settling down to sober assessment of the work which must now be done if the peace is to mean more than the mere absence of organized blood-letting.

The outlook for an early beginning of the long dreamed-of postwar prosperity is not hopeless, if Congress and the Administration act with speed and determination. Neither, at this early stage, is the outlook heartening.

The nation is nearly as unprepared for peace as it was for war three and a half years ago when the bombs fell on Pearl Harbor.

The Administration is caught flatfooted, lacking both the executive machinery and the legislative authority to smooth the road to reconversion.

Congress, which willingly and speedily set its international house in order, is taking a rest while its domestic doorstep is left cluttered with jobs half done. For reconversion, Congress has a hundred plans, but no adequate, ready program.

Psychological obstacles stand in the path of swift transition from a war to a peace prosperity. The people fear but expect depression. The nation is impatient with controls. Many believe that the way to prosperity is to reduce wages, cut spending. The business community resents government taking any further hand in its affairs.

There are plans for all but human reconversion . . .

What might have been a finished blueprint for the peace, ready at a moment's notice to put in force, must now be a patchwork of legislative enactments and executive decrees rushed into effect to absorb the hardest shocks of a nation's passage over the rough road from war to peace.

In the hurried debates of a Congress called prematurely back to work next month will emerge the early, rough, working-drafts of the pattern for postwar America.

Congress already has provided partly, if inadequately, for business reconversion in such measures as the Contract Settlement Act, Surplus Property Act, tax refund legislation. Tax relief is near the top of the Congressional docket.

The lawmakers have set up machinery for easing agriculture back into peacetime production in the Steagall Amendment guaranteeing, within the limit of funds, farm prices at 90 percent of parity for two years after the war.

But Congress has no program for human reconversion—the means to assure steady incomes and steady employment for the millions of white collar workers and wage earners who make up the bulk of the population.

Ironically, full production and employment to make big farm markets and to maintain high national income are the least provided for. Yet they are the keys to national postwar prosperity—full production, full employment at high wages, and *holding inflation in check* until the factories can catch up with the millions of autos, tractors, radios, alarm clocks, nylons, refrigerators and the thousands of other articles consumers are anxious to buy.

At the peak of wartime prosperity last year, national income ran to the staggering total of $200 billion, a record unparalleled in this or any other country.

Army and Navy production cutbacks already ordered total more than $30 billion.

Washington expects . . .

Seven to eight million jobless by spring.

Sixteen billion dollar slump in wage buying power within a few months.

Upward wage adjustments by collective bargaining.

Housecleaning in Surplus Property Administration.

Early end to President Truman's honeymoon.

Shape of postwar America to emerge in the next few months.

Munitions production schedules between now and the end of the fiscal year ending next June 30 totalled in the neighborhood of $30 billion.

The War Department is cutting its procurement program from a total of $2.4 billion a month to $435 million, of which $268 million will be for food.

Reconversion Director John Snyder says it will take 12 to 18 months to reach the expanded peacetime economy essential for full employment.

Estimates run from 7 to 10 million jobless

The perfect job of reconversion would mean finding markets for about $50 billion worth of goods and services which up to now have been thrown into the war.

Most optimistic estimate on exports is 10 billion dollars. This leaves some $40 billion of more goods and services for the home market to absorb than it soaked up last year—if the country expects to maintain the pace of wartime prosperity.

This is what Treasury Secretary Vinson meant when he said America faces the pleasant prospect of having to learn to live 50 percent better.

There is no question of whether this can be done (the war proved it could be). Only question is whether the people want prosperity badly enough.

You can take your pick of the expert guesses on unemployment.

CIO estimates there will be 10 million workers out of jobs within 30 days.

War Production Board puts the estimate at between 7 and 9 million jobless within 90 days.

Department of Labor says between 7 and 8 million unemployed within a year.

AFL puts the figure at between 7 and 8 million, including about a million and a half now out of jobs.

War Manpower Commission says there are about 8,300,000 workers in direct war jobs, most of whom may be looking for work after cancellation of war contracts.

In his official report on reconversion, which can be taken as Administration attitude, Snyder says:

"Perhaps as many as half of the 8 million workers now employed in war plants

will be able to stay with their present employers to produce civilian goods of the same kind they are now making for the armed forces. The number who will be laid off during the next two months is estimated to be about 4 million. It is expected that there will be 5 million or more unemployed in three months. By spring, unemployment may reach about 8 million."

Snyder expects about 2 million workers—women, over-age, and youths—to withdraw from the labor market by end of the year.

What are the chances for industry quickly absorbing the bulk of the war jobless?

No one here is willing to stick his neck out on this point. Snyder is somewhat optimistic but indefinite in his report:

"Employment in the production of consumer durable goods such as automobiles, refrigerators and washing machines, will increase promptly and expand rapidly. A substantial increase is also expected in employment in trades and services, in which 11 million persons already are working. There will be a gradual but steady rise in the field of construction. Likewise, an increase in employment opportunities is expected in lumber, mining, clothing and leather, and at least temporarily, in railroads."

Snyder predicts that 7 million veterans will return to civilian life within the next 12 months.

Rate of demobilization is being stepped up from the present 170,000 to 500,000 men a month.

Army is expected to cut back to around 3 million men 18 months from now. An estimated 550,000 officers and men will be needed to run the peacetime fleet.

Labor's buying power is also on the skids . . .

More than anything else, what makes a worker buy beefsteak instead of hamburger, pork chops instead of sausage, is the size of the paycheck he takes home every week.

Some economists figure cancellation of war contracts will trim the average worker's earnings by 17 percent.

Department of Labor estimates that the mere return of the five-day week without overtime pay will cut workers' earnings by about 14 percent.

Shift of workers from war industries to lower paying peacetime jobs is calculated to cut purchasing power of wage and salaried groups by another 6 percent.

Still another slice in worker purchasing power will come in dropping night shift work, with its extra 5 to 10 percent wage differential.

After adjustments for duplications, the total of these three cuts in buying power is estimated unofficially at more than $16 billion. Wages and salaries paid to civilian workers last year ran to $90 billion.

A rule of thumb method of calculating loss of purchasing power is to multiply the number of unemployed by $2,000, the average worker's yearly earnings. If you use Snyder's estimate of 8 million jobless by spring, the reduction in buying power comes to $16 billion.

Moves already are in the making to hold up labor's buying power through wage increases. CIO, AFL, and the Railroad Brotherhoods are asking for a blanket 20 to 25 percent increase in wage rates. They also are putting on the pressure for quick enactment of legislation to expand unemployment benefits to $25 a week, as the President has suggested.

Public members of the War Labor Board have asked Stabilization Director Davis to permit wage adjustments by collective bargaining as long as they don't increase prices. This is the route the Administration is taking.

How far will the drop in buying power be offset by the backlog of consumer savings? The estimate of savings runs to $140 billion. But recent surveys indicate that workers' savings are far less than supposed. Many of the war bonds already have been cashed. Workers out of jobs won't be free with their money until they have other jobs in sight.

Executive housecleaning one of Truman's big jobs . . .

Two urgent Truman jobs are to set the surplus property house in order and to streamline the executive branch of government.

Business is anxious to dispose of surplus goods before reconversion catches up and the surplus becomes a load on the market. The taxpayers, though less vocal or insistent, are interested in getting at least part of their money back.

Neither Army nor Navy are expected to make a rush to declare goods surplus. The interim can be used to straighten out surplus disposal machinery, badly gummed up by division of authority on the Surplus Property Board. Truman has asked for a one-man administration.

When surplus property is finally inventoried, and government agencies decide what to keep and what to sell, SPB will hold the biggest rummage sale in history. It involves some 4 million kinds of articles, valued at somewhere around $100 billion.

Still the hottest issue in surplus disposal is whether the plants and facilities (such as phosphate plants and oil pipelines) will be kept in production to make jobs and markets, or be sold off at a fraction of their dollar value either to extend monopoly control or to be dismantled at the leisure of industry.

President Truman has asked Congress for authority to streamline his administration, fold the war agencies into regular executive departments as much as possible. But so far he has left the chore entirely to Congress, preferring not to use his wartime powers to achieve at least a partial reorganization.

With reconversion thrust suddenly into the picture, either the President or Congress must act quickly to avert a situation close to chaos in the executive branch.

Politically, the Truman honeymoon is nearly over . . .

End of the war means, too, that the Truman honeymoon is about over. The wartime cabinet coalition will soon crumble. Congress, with an eye on the off-year elections, will shortly return to the old familiar game of party politics.

Capital speculation marks Secretary of War Stimson as the next to leave the cabinet, then Secretary of Navy Forrestal in favor of a better known party regular, and possibly the best-known war horse of the New Deal, Interior Secretary Ickes.

This would leave Secretary of Commerce Wallace as the only remaining member of the original cabinet team President Roosevelt brought in to Washington to bail the country out of depression in 1933.

Wallace is more closely identified with labor, agriculture, and postwar full employment than any other member of the President's official family. He is figured sure to remain as long as he wants to stay. Without Wallace support, Democratic chances for a fifth straight victory in 1948 are considered more than slim.

What few know is that as Secretary of Commerce Wallace is almost powerless to do anything about jobs. His department is one of the poorest financed in government. The president has listened to Wallace plans for action, has expressed approval, but hasn't thus far given the green light.

Liberal groups are pressing Wallace for an early showdown. Meantime, Wallace goes about his business of trying to build the Department of Commerce into a real service organization, and says nothing about politics.

Verbal sparks will fly when Congress reconvenes . . .

At least one important Congressional committee is getting back on the job this week. Senator Wagner (D., N. Y.) has told members of the Senate Banking and Currency Committee to roll up their sleeves and resume hearings immediately on the full employment bill.

But Congress as a whole won't get around to taking up the problems of postwar until Sept. 5.

Then the verbal sparks will fly. End of the war hasn't altered the old lineup of conservatives and progressives, whether Republican or Democrat. The division

is just as sharp within the Democratic majority as it is within Congress as a whole.

In fact, return of peace is expected to accelerate the swing to the right. The next few months will indicate which wing of the controlling party captures the President's support.

The first real test of whether President Truman has the political muscle or the will to carry on the late President Roosevelt's policies is about at hand.

Will Congress grind out a piecemeal collection of emergency measures which might well tide the nation over the reconversion period but lack the punch to see it through to national prosperity?

Or will it go further, plow the ground for comprehensive social and economic programs to put the nation's economy under longtime, solid footing?

Between these questions lies the battleground on which the shape of postwar America will be slowly hammered out during the coming months.

The issues are reasonably well represented by two programs advanced thus far—one by Senator Barkley of Kentucky, conservative majority leader; the other by Senator Kilgore of West Virginia, who with Pepper of Florida, sparkplug the "Young Turk" movement in the Senate which strives to carry on in the Roosevelt tradition.

The Barkley program deals mostly with the emergency, the Kilgore program mainly with the future. The two programs are worth the examination of those who want to know what the fighting's all about when Congress reconvenes.

The Barkley program:

(1) Tax revision to ease the war load, stimulate production and maintain markets.

(2) Expanding unemployment benefits along lines suggested by the President—raising jobless compensation up to $25 a week for 26 weeks.

(3) A full employment bill to unite industry, labor, and government behind a drive for 60 million jobs.

(4) Overhauling of surplus property machinery; one-man administration.

(5) Elimination of war agencies no longer needed to keep alive those which can aid in reconversion.

(6) Streamlining of the executive branch of government.

The Kilgore program:

(1) Establish the responsibility of government for guaranteeing the economic bill of rights to all Americans.

(2) Guarantee equal opportunity to all Americans, regardless of race, color, political or religious creed.

(3) Give war veterans full security, training, medical care, job opportunities, and increase their unemployment compensation.

(4) Enact emergency reconversion measures to assure full employment.

(5) Maintain a stable and profitable agriculture at high production levels.

(6) Create expanded opportunities for business, particularly small business.

(7) Assure a high level of scientific research geared to the interests of all people.

(8) Promote a high wage level to insure the continued expansion of industry and agriculture.

(9) Expand foreign trade to provide jobs and markets, and a rising standard of living both at home and abroad.

(10) Adopt a national housing program to insure a large and sustained volume of private and public construction.

(11) Stabilize construction of community facilities (schools, hospitals, recreation centers, etc.) at a high level.

(12) Establish a national health program and broaden the social security system.

(13) Create greater educational and training opportunities for all Americans.

(14) Promote a balanced use of natural resources with a view to expanding industrial, agricultural and employment facilities.

(15) Adopt a fiscal policy geared to full employment.

Core of reconversion—markets and people . . .

Real core of the reconversion problem is markets for that half of the national product which has been thrown into war. The amount is staggering. It was equivalent last year to enough to rebuild everything in America within three to four years.

Biggest single market for converted war production is the American people, 80 percent of whom are wage earners and farmers. That market must learn to take 50 percent more, as Secretary of Treasury Vinson sees it.

Next largest market for America is the world. Exports must run to at least $10 billion a year, in addition to a full-scale domestic market, to maintain the dizzy wartime pace of prosperity.

In terms of physical wealth, the United States has had to pay a relatively low price for the war.

The wealth of mines and oil fields has been reduced, but the development of atomic energy could make the use of coal and oil obsolete. Unlike World War I, soil fertility has not been mined so heavily; farmers have the know-how to bring it back.

The U. S. productive plant is vastly larger, more productive if we continue to use it, and more efficient than before the war. There is no bombing damage to repair.

In terms of human wealth, the U. S. has lost thousands of its best men. But national wealth in people consists in their numbers, their resourcefulness, skills, literacy and health. The loss is less in proportion to that of World War I, far less than that of most other countries in this war.

Population has grown 8 million above 1940, according to census estimates just released, and the longtime downward trend of population increase has been reversed.

Compared with national wealth, the national debt is trivial—provided national income is kept at a high level.

Chief menace to national wealth is the corrosion of people from unemployment and depression. Preventing that, and another war, are America's two big jobs.

Bringing modern medicine into the rural homes . . .

Most far-reaching of all the legislation now in the Congressional mill is one to improve the lot of the common people—the Wagner - Murray - Dingell bill to broaden social security.

One of its principal aims is pointed directly at agriculture—specifically, to bring modern medicine into rural homes and to improve the lot of the agricultural worker.

The Army draft pulled the mask from rural health and revealed it in a shocking state.

About 41 percent of all farm boys drafted were rejected for military service, highest rejection rate of any other group.

Health studies show that in 1938 rural areas had only about a third as many doctors in relation to population as urban counties. In 1944, 583 rural counties had more than 3,000 persons for each practicing physician; 80 counties of more than 3,000 had no practicing physician.

While this lack of rural medical service was aggravated by the war, cities were affected proportionately.

Before the war, 40 percent of U. S. counties had no registered hospital. While the U. S. as a whole had 3.4 hospital beds per 1,000 population, rural areas had about half that number.

U. S. Public Health Service says 5,250,000 rural homes need new or improved water systems—not only for the load-lifting benefit to farm women, but for the health of the whole family.

Because of inadequate water supply, milk, one of the most important—but potential disease carrying—of foods, is still consumed raw in thousands of rural communities for lack of pasteurization plants. Public Health Service says rural communities serving 1,666,000 persons need pasteurization plants.

Now that the war is over, young doctors again will be available to help the overworked and to replace the old physicians who want to retire. But will they be

attracted to small rural communities where the hot water has to be heated on the kitchen stove?

Present social security legislation offers old age insurance and unemployment compensation. In its 10 years of operation, social security payments to individuals have totalled about $9 billion. Four and a quarter million men, women and children are now receiving cash benefits amounting to $111 million a month.

Farmers are not covered in the present social security system.

The Wagner-Murray-Dingell bill would bring in farmers, farm workers, and their families. The legislation offers old age insurance, unemployment compensation, plus medical care (including hospitalization), temporary disability, and extended disability.

By a system of federal grants-in-aid to states, the government would finance construction of hospitals and public health facilities in rural areas.

The proposed hospital system would be modeled on the Army's—large well-equipped and modern "base" hospitals to serve a number of counties, spreading out from which would be smaller "field hospitals" to serve limited areas.

The health provisions would permit farmers and farm workers to obtain modern medical care at less cost through regular pre-payments based on earnings. It's figured this program not only would cut medical costs, but bring about a redistribution of doctors, a more equitable location of hospitals, and attract the talents of younger medical men to the rural areas.

And the rural doctors would have the satisfaction that their patients would pay their bills.

An important part of the proposed system provides for cash benefits for extended disability to persons totally disabled for six months or more. Payments would be geared to the individual's monthly wage, his length of service, the number of dependents.

Minimum payments for extended disability after Jan. 1 would be $30 a month for a farm worker with a dependent wife. Payments go on up to a top limit of 80 percent of the worker's monthly wage, or $120 a month, whichever is smaller.

You could choose your own doctor, and he would have the option of deciding whether he wanted you for a patient.

What about cost? Eight percent of wages or salaries would cover the individual's total contribution for the five benefits—4 percent to be paid regularly by the worker, 4 percent by the employer.

Self-employed, or independent, farmers would be eligible, at their option, for all benefits except unemployment compensation and temporary disability at a 5 percent rate.

As with most progressive health measures, this bill is being fought bitterly by the American Medical Association, though it is supported by large numbers of progressive medical men, to say nothing of the thousands of physicians who would be on easy street today if they could collect from all their patients.

Atomic bomb: will it be for monopoly or mankind? . . .

Next to the danger of mankind committing suicide with the atomic bomb, is that private monopoly may deprive the public of its peacetime benefits except at hold-up prices.

Unless the principle of public ownership of this terrifying new source of energy is established at the start, a real possibility is seen here that private monopolies may eventually wrest from the government exclusive rights to use the process.

President Truman will ask Congress for legislation to control atomic power. He recommends "the establishment of an appropriate commission to control the production and use of atomic power within the United States."

Many here do not regard a mere regulatory commission as nearly enough to control the world's most destructive force. They cite the Interstate Commerce Commission, set up to control the railroads, but point out that the railroads, in many instances, have instead controlled the commission.

In the inevitable struggle for control of the use of atomic power, the public may expect to see the usual monopoly technique put into play:

First, convince the public that it's wishful thinking to expect any practical benefits for a long time.

Second, build up the idea that costs will be prohibitive.

Third, quietly slip an innocent-sounding bill through Congress to license the patents under conditions which will assure a few powerful groups exclusive rights.

Fourth, either bottle up the patents to protect present industry, or put them to use, producing at higher than necessary prices.

Farm business—as it looks from Washington . . .

Now that the war is over, are surpluses just around the corner?

USDA opinion is divided into two camps:

One says there may be surpluses in some lines next year, that prices will sag, that farmers should depend more on price supports than expect to receive ceiling prices.

The other doubts that any important surpluses can appear at least before the fall of 1947, that farm prices the rest of this year and most of next will remain attractive.

The pessimists: They cite fact that farm production is up from 35 to 40 percent above prewar. They point to the one-quarter of all food production going to military and Lend-lease. They fear military cutbacks, cutting off of Lend-lease, won't be offset by postwar exports, foreign relief, and increased domestic consumption.

Rather, they expect the slump in reconversion consumer buying power to decrease consumption of farm products.

The optimists: They look at the high rate of domestic consumption, claim it will go still higher if the food were available. They feel reconversion unemployment will be short-lived, spotted, and within a year industry will be steaming ahead fast enough to take up the temporary slack. They doubt that any deep depression will come at least for several years.

They play two other optimistic notes: One, that the increase in U. S. population since 1940 gives farmers 8 million more mouths to feed—and the 7 million boys returning from the armed services will still be farm customers, even if they don't eat as well.

Two, they see reasonably bright prospects for food exports now that the international machinery has been set up. Food relief is needed urgently in Europe (although it will consist mainly of wheat), and victory in the Pacific may even increase overseas food demand, since China is in bad shape.

These are the two general views. Our own is that you can't attempt to cast up the future with any degree of accuracy without answers to these questions:

(1) Will the pace of reconversion, after the emergency slack, keep ahead of the rate of unemployment and sag in labor purchasing power?

(2) Does the Administration really mean business about postwar exports, either in the form of direct sales or foreign relief? President Truman says we have to help feed Europe, but he still speaks in general terms, and there are as yet no indications that the Administration intends to go much farther beyond the course it already has laid out.

With rationing off of all but meats, fats & oils, and sugar, the hottest question today is that of sending food to Europe.

Nasty crack department . . .

Secretary Anderson has brought in eight outside "experts" to advise on reorganization of the Department of Agriculture—one educator, one packer, one dairy economist, two bankers, three editors.

Doesn't the farmer have some interest in this, too, and perhaps a couple of ideas?

SOUTHERN REGIONAL COUNCIL, Inc.

63 AUBURN AVENUE, N. E.
ATLANTA 3, GEORGIA

August 28, 1945

REF. 65

Refer

~~Superintendent of Documents~~
U. S. Department of Agriculture
Washington, D. C.

BPE

Gentlemen:

Please send us a copy of your document, "A Conversion Program for the Cotton South."

If there is a charge for this, let us know.

Many thanks.

Sincerely,

Anna S. Warwick

Anna S. Warwick
Secretary to George S. Mitchell

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Agriculture

X

RECEIVED AUG 30 SUPERINTENDENT OF DOCUMENTS

United States Department of Agriculture
Bureau of Agricultural Economics

September 1945

The attached report, "A Conversion Program for the Cotton South," was prepared in April 1945 as a result of widespread interest in one of the long-range policy alternatives suggested last December by Claude R. Wickard, then Secretary of Agriculture, at a hearing of the Special Committee, of the House Committee on Agriculture, on Post-War Farm Programs (the Pace Committee).

This preliminary draft of the report has been circulated among a number of persons both inside and outside the Department of Agriculture who are interested in long-range agricultural policy, particularly as it would affect the Cotton South.

Several important developments have taken place since the preliminary report was issued. In many instances, for example, more recent statistics are available or soon will become available from specific research projects now under way. World events which were merely foreshadowed last spring now are actualities. Germany and Japan have been defeated. A world organization has been formed and its charter ratified by the leading United Nations, including this country. Extension of the Reciprocal Trade Agreements Act, ratification by the United States of the Bretton Woods Agreements, and this country's decision to participate in the United Nations Food and Agriculture Organization are other signs that point to increased international collaboration and expanded world trade. A comprehensive program of research on the cotton problems of the South, that should clear up some of the significant questions which either were unanswered or only partially answered when the preliminary document was prepared, also has been launched and is now being carried forward vigorously.

When the attached report was completed last spring, it was given limited circulation with the primary aim of stimulating suggestions and comments. Many such suggestions already have been received from representatives of Department of Agriculture agencies and the Federal-State Extension Service, and from persons outside of Government, including farmers, farm editors, and economists. A number of the suggestions grew out of a series of conferences with three Southern regional committees on post-war programs. These criticisms and suggestions have made it plain that the preliminary manuscript should be revised at several points ranging from questions of wording to questions of fact.

For example, it is apparent that the need for expanded world commerce and for taking action against national and international and industrial and business monopolies should have been set forth much more clearly than it was. It also should have been made clearer that the estimates of the nature and volume of Southern agricultural production that might be expected at the end of a conversion program represented only a rough approximation of what the results of

such a program might be, and were in no sense a recommended ceiling either for total Southern farm production or for the region's production of individual commodities. The improvement of farming methods and progress toward diversification made in recent years, as well as the development of industry in the South during the same period, have given abundant proof of the vigor and resourcefulness of Southern agriculture, business, and labor.

It is also clear that the examples of how a conversion program might work on individual farms can be greatly improved. Last spring when the report was being prepared, the examples of how the program might work in the Southern Piedmont and High Plains were based on data that were immediately at hand. Since their purpose was purely illustrative neither refinement nor detailed representation of conditions in any specific area was attempted. That some of the yield, expense, and other items used in these illustrations would be challenged by some of the people in the region was to be expected. The discussion should have indicated more clearly their illustrative nature and thus have forestalled the implication (entirely unintentional) that each illustration represented the norm of the program's operation. This obviously could not be the case. The examples were designed to illustrate the more extreme types of adjustment that would be needed. In each county a number of farms would need no conversion at all. Many of the others already would have a sufficient land base to make conversion a matter of improved organization and practices rather than of additional land. Truly adequate estimates of how the program might work on individual farms can be made only after studies of actual conditions in sample counties have been made. Such studies in turn would provide the basis for much firmer estimates of over-all regional production, of farm income that might be expected with a conversion program, and of the costs of such a program than were possible when the preliminary report was prepared. These studies, to be carried on cooperatively with the experiment stations of the South and the U. S. Department of Agriculture, are now beginning.

When the preliminary report was issued last spring it was the intention of BAE, as the foreword indicated, to issue a revision fairly promptly in the light of criticism and comments received. By now it is apparent that despite the great value of the suggestions already received, a detailed revision of the report should be held in abeyance pending further progress on a number of intensive research projects now under way that will go far toward supplying the necessary data to fill present gaps. Last May at the Research Conference on the Postwar Agricultural and Economic Problems of the Cotton Belt, held at Memphis, on the invitation of the National Cotton Council of America and at the request of the House agricultural subcommittee, plans for a series of short-time research projects to require from 6 to 18 months each were definitely formed. These projects, most of which are now well under way, cover the following fields:

1. Production adjustments to improve farming opportunities by subareas

2. Cotton handling and marketing problems

3. Cotton goods production and distribution techniques, costs and margins

4. The competitive position of fibers and substitute products in specific end use markets

5. Production studies of synthetic and other substitute products

6. Foreign market outlets for American cotton and cotton products

7. Agricultural programs and policies

8. Enterprise problems

9. Labor resources and the problems inherent in them

10. Technology and capital

11. Industrial development opportunities in the Cotton Belt, by areas and localities

12. Education problems

13. Health problems

Launching of this integrated research project, which was not contemplated when the preliminary report was prepared, has made it clear that a quick revision of the preliminary report, in advance of the findings of the research groups, would be of small, if any, value. However, since there is a continuing interest in the general approach to the cotton problem embodied in the conversion report, copies of the preliminary version are still being made availabl upon request, to a limited number of persons for comment and suggestions.

Preliminary draft
For administrative use

United States Department of Agriculture
Bureau of Agricultural Economics

A CONVERSION PROGRAM FOR THE COTTON SOUTH

The considerable interest aroused by Secretary Wickard's suggestion last December that a thoroughgoing conversion program be considered among the possible approaches to the problems of Southern agriculture, has led a group in the Bureau of Agricultural Economics to explore further the nature and possibilities of such a conversion program. The group has considered the major steps that would be involved and has made some tentative estimates of what they might accomplish and how much they might cost. The following draft embodies the main points of the study to date. Its present form necessarily is highly preliminary. It is being made available for criticism and discussion to a few key people both inside and outside the U. S. Department of Agriculture who are especially interested in Southern agricultural problems and conditions. Its future development will depend largely on comments and suggestions received.

Washington, D. C.
April 1945

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A CONVERSION PROGRAM FOR THE COTTON SOUTH

INTRODUCTION

Cotton, the chief cash crop of millions of farm people in the South, will be under heavy pressures in the years after the war. The impossibility of exporting significant amounts of United States cotton at parity prices is generally recognized. The proportion of the home market for cotton which could be maintained at parity prices against the competition of synthetic fibers and other materials becomes increasingly problematical.

The people who grow cotton will be subjected to still other pressures. Mechanization and other improved methods that cut costs of production are not equally applicable in all cotton-growing areas. Where mechanization is adopted, it will mean further displacement of farm families in an area where farm land already is more overcrowded than in any other region.

Secretary Wickard assessed this formidable problem in a statement made December 4, 1944, before the Special Committee of the House Committee on Agriculture on Post-War Farm Programs. He listed four possible approaches that might serve as bases for national policy. The fourth of these approaches, which the Secretary termed a Reconversion Program for the Cotton South, has awakened particularly wide interest.

The distinctive feature of this approach is its assumption that no lasting solution to the problems of cotton can be developed in terms of cotton alone; but that the whole pattern of agriculture and, in fact, of the entire economy of the region, should be considered.

CONVERSION FROM WHAT?

More than one-half of the Nation's farm population lives in the South. 1/ These people till about one-third of the Nation's cropland and receive about one-fourth of the Nation's farm income.

Cotton is by far the most important cash crop in the region, accounting in 1943 for nearly a third of the area's total cash farm income. About one-half of the South's 3 million farm families grow cotton, and it is the chief source of cash income for the great majority of those who grow it.

1/ Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Tennessee, Kentucky, Louisiana, Arkansas, Oklahoma, and Texas. (The Census South, minus Maryland and Delaware.) Treating the 14-State area as a unit does not imply that many phases of the conversion program would not apply to cotton producers outside its limits. The area has been used to help illuminate the problem, not to limit the field of any future program.

During the 10 years ending with 1942, gross income from farming averaged $908 per family in the South, 2/ compared with $2,031 for farm families in other parts of the country. Too many Southern people are trying to make a living on the land.

Cotton's Competitors

The present income difficulties of many of the South's farm families are only one measure of probable future difficulties. Trouble is ahead for American cotton. Its competitive position is threatened by the great increase in supplies of foreign-grown cotton and by the steady rise in importance of synthetic fibers and paper products.

Foreign Growths

There has been a steady increase in the cotton production of foreign countries. In 1920, shortly after the close of the first World War, production of foreign cotton totaled less than 7 million bales. In 1936 foreign production totaled over 18 million bales. Consumption of American cotton outside the United States declined 46 percent between the 1932-33 and 1938-39 seasons. Consumption of foreign growths increased 69 percent during the same period.

During the war, as well as during the uneasy years that immediately preceded its outbreak in Europe, foreign production declined. But foreign consumption declined too. By August 1, 1944, stocks of foreign cotton stood at the record level of 14,380,000 bales--nearly twice as large as in 1939. Stocks on August 1, 1945, are expected to be even larger.

Rayon

United States production of rayon in 1920 totaled about 10 million pounds. In 1944 domestic rayon production came to 724 million pounds, the equivalent of about 1,700,000 bales of cotton.

World production of rayon has increased even more rapidly than production in the United States, rising from 33 million pounds in 1920 to nearly 3½ billion pounds--the equivalent of 8,200,000 bales of cotton--in 1942.

A steadily increasing proportion of total rayon production, both in this country and abroad, is in the form of staple fiber, which can be used on cotton or wool spinning and weaving machinery, and which in this country already has been reduced in price to a point about equal to that of middling 15/16-inch cotton.

2/ Includes owner-operators, tenants, sharecroppers, and farm laborers. Unless otherwise noted, the term "farm families" is used in that inclusive sense throughout this discussion.

Paper

In a number of products--notably towels, tissues, napkins, window shades, plastics, twine, and multi-wall bags--paper competes increasingly with cotton. Altogether, about a million bales of cotton were used in such products in 1939. Although during the war the demand for both cotton and paper has increased, the marked trend toward greater use of paper goes back to a time well before the war. For example, while the production of cotton towels went up a little more than half from 1929 to 1939, that of paper towels increased nearly threefold.

Declining Exports

The increasing competition of foreign-grown fibers and foreign-manufactured synthetics, as well as the growing obstacles to world trade, was reflected in the decline of exports of United States cotton in the decade before the second World War. During the 1920's and the early 1930's exports of 7 million and 8 million bales were commonplace. From 1933 on, the decline was sudden and large. United States exports totaled about 3.5 million bales in the 1938-39 crop year, the smallest volume in 50 years. Exports of 6.5 million bales in 1939-40, by far the largest of any recent year, probably resulted largely from the efforts of foreign countries to increase their cotton supplies on the eve of war, as well as of the cotton export subsidy employed by this country. Since then, because of the war, United States cotton exports have averaged less than 1½ million bales a year.

Increasing Mechanization

These developments pose tremendous problems for the farm families who derive most or all of their cash incomes from cotton production, and for the industries and institutions which serve these people. The position of many Southern farm families will be further threatened by the great strides in mechanization of cotton production that are practically certain to occur.

Technological developments within the next few years may do away with all of the seasonal labor peaks in cotton growing in many areas. In the High Plains cotton-producing area, hand-snapping is now the great remaining man-power requirement. Through mechanization, the labor requirements up to harvest time already have been reduced to 4 or 5 man-hours per acre. With the end of hand-snapping through use of the 2-row mechanical stripper, the total labor requirements for the entire process of production would be cut to about 8 man-hours an acre, about one-half of the present requirement. In the Mississippi Delta the use of tractors, cross-cultivation, and mechanical pickers would reduce the labor requirements to about one-fifth of the man-hours used now in connection with one row mule equipment and hand picking.

Mechanization and other improvements in production offer many producers a way out of the competitive price difficulty. They could enable many growers to produce at a profit at prices much below present levels. But many farms are disqualified by reason of their size or other physical limitations from the advantages of full mechanization. Thus in a region where family farm incomes already are too low, and much of the agricultural population already is underemployed, the situation after the war will be aggravated by the growing competition faced by cotton and by the increasing mechanization of its production.

The Cotton Dilemma

When viewed in the light of cotton alone, the situation presents a grave dilemma. The device of holding the price of cotton above a competitive level would tend to restrict consumption in relation to its extent and effectiveness. Subsidies to enable cotton to compete in the export market would become less and less effective as other nations retaliate. The alternative proposal of letting cotton prices fall to a competitive level and maintaining growers' returns through income payments would put a heavy drain on the Federal Treasury and make cotton growers dependent on year-to-year Government payments. Both approaches would encourage survival of cotton on farms unsuited to its production, and thus would perpetuate the very conditions that made assistance necessary in the first place.

CONVERSION TO WHAT?

The South has the basic resources of land and people for a stable and prosperous agriculture. Prospects for the years after the war can be bright, but only if the cotton dilemma is resolved by approaching it in broader terms than those of cotton alone. This can be accomplished. In fact, the war has heightened trends that are especially favorable to permanently better farm living.

Changes Already Under Way

Strong tides have been sweeping the Cotton South in recent years. Agriculture has become more diversified. Also it has become more efficient, so that fewer farm workers can turn out a larger volume of production.

In the later 1920's, receipts from cotton and cottonseed in the 10 principal cotton-growing States represented more than half of the area's cash farm income; by 1943 the proportion had dropped to less than one-third. Cotton acreage declined by more than one-half between 1929 and 1944. The number of workers in Southern agriculture fell from nearly 7 million in 1910 to about 4-1/3 million in 1940, while the number of workers in other industries rose from less than 4 million to over 8 million.

The war accelerated both agricultural diversification and displacement of farm workers through its demands for farm products other than cotton and for workers in nonfarm industry.

After the war, both trends will continue, but without benefit of booming war industries and of wartime price levels for cotton and many other farm products. Continued attempts to prop up cotton artificially would be bucking the main stream of history. Cotton parity prices or cotton income payments are not going to stop the machines from pushing people off the land, or to help them after they are pushed off. Export subsidies, even if they work temporarily, will not stop synthetics from displacing cotton in the domestic market.

Instead of trying to struggle against strong tides, why not take advantage of them, harnessing their force for the greatest benefit, and curbing their destructiveness? A means of accomplishing this has been suggested.

A Conversion Program

A conversion program for Southern agriculture would move with existing trends in its effort to bring about higher levels of living and fuller opportunities for farm people.

The distinctive feature of such an approach should be emphasis on people rather than on cotton or any other particular commodity. It would not aim at encouraging a larger volume of cotton production than domestic and foreign markets would take over the long pull. Neither would it aim at cutting cotton acreage drastically simply for the sake of maintaining a certain price, with no regard for how many farm families might be forced off the land. It would fully recognize that much of the land and many of the people of the South are particularly adapted to growing cotton, and would encourage the efficient production of cotton as strongly as it discouraged inefficient production.

The Core of the Program

Ultimately, an agricultural conversion program for the South should aim at balanced, diversified farming on adequate family units. In order to get from where we are now to where we want to go, action would be taken along three lines.

First, cotton would be priced at a level that would enable it to compete freely in foreign and domestic markets.

Second, Government payments would be made to cushion the descent of cotton prices to a competitive level; and Government payments, credit, and other assistance also would be offered to help farm families convert from their present patterns of operation.

Third, steps would be taken to develop off-farm employment opportunities for many of the people now in agriculture.

Several supplementary actions would be required, just as they would for any other kind of program. Efforts to help farmers maintain and improve soil fertility would be essential. So would programs to extend rural electrification, improve housing, health facilities and communications, to encourage ownership of family farms, and to bring about many other necessary improvements in rural living.

An Advance on a Broad Front

Such a conversion program would be a tremendous undertaking. Millions of farm people would have to change their ways of doing things. Many would have to enlarge their farms; many others would need to leave agriculture. Large-scale efforts would be required both to help farm people find non-agricultural employment and to stimulate nonfarm employment opportunities. Farmers would be asked to give up familiar types of assistance for new ones. Many of the changes and displacements, of course, eventually would occur without the conversion program; thoughtful farmers already realize the long-term uncertainties of cotton price supports and payments. Nevertheless, a program that frankly recognizes the coming changes and proposes to do something about them will be regarded by many as a disturbing innovation.

But the suggested conversion program is the one proposal thus far that offers any well-based hopes for progress toward lasting solution of the problems of the Cotton South. It would enable cotton to stand on its own economic feet. It would direct the trends toward mechanization and diversification instead of resisting them.

By encouraging diversified farming on adequate farm units, the conversion program works toward a time when returns from farm marketings alone can yield good family incomes. Pending complete achievement of that aim, the program offers a firm basis for whatever supplementary aid may be needed by farmers.

Relationship to Full Employment

The effectiveness of such a conversion program would depend to a great extent upon the extent of nonfarm employment and level of nonfarm income, in both the South and the whole Nation.

So does the effectiveness of any other agricultural program that could be devised. How long could large income payments on cotton be maintained with millions unemployed and national revenues dropping; how long would the Nation be willing to maintain parity for cotton and provide the loan funds to maintain it under such conditions; or what would happen to millions of people forced off the land by machines if stores and factories and offices were laying people off instead of hiring more workers?

With moderate unemployment, the conversion program, although slowed down, still could keep moving. With mass unemployment lasting for any considerable time, neither it nor any other kind of program could be effective. Probably, through its emphasis on diversified farming, a conversion program could see farm people through better than others.

Furthermore, an effective agricultural conversion program for the South, through improving the incomes of farm people, would in itself tend to stimulate Nation-wide employment and incomes.

AGRICULTURAL CONVERSION AND INDUSTRIALIZATION

Underemployment on farms no less than the vulnerable position of cotton lies at the root of the South's agricultural difficulties. No broad and lasting gains can be expected until more of the South's families are engaged in industry and trade, and fewer on farms.

The proposed conversion program includes some direct efforts to stimulate nonfarm employment in the region, although broad action to encourage nonfarm employment lies for the most part outside the scope of an agricultural conversion program. But industrial expansion in the South is essential to providing job opportunities for underemployed and displaced agricultural workers. Thus it is important to appraise the potentialities and prospects for such expansion, before getting into details of the conversion program.

Cost of Farm Underemployment

No matter how hard he may work, a man on a farm that is too small or too poor is wasting his skill and energy. Too many people on too little land means lower productiveness and lower income per capita.

An indication of how underemployment on farms can drag down the level of per capita income for a whole area is found in the comparison of incomes for States with contrasting degrees of industrialization. Virginia, West Virginia and Florida already had 25 percent or less of their workers in farming in 194: In the same year, however, more than half of all the workers in both Arkansas and Mississippi were engaged in farming. Incomes per person ran about twice as high in the first three States as in Arkansas and Mississippi. The following table shows the distribution of workers, the average incomes for all the States of the region, and indicates an inverse relationship between the proportion of persons in agriculture and average incomes per person for all members of the working force.

Table 1.- Percentage of workers in agriculture and average incomes per capita of entire population, 14 Southern States, 1940

State	Proportion of workers engaged in farming	Average income per capita of population
	Percent	Dollars per year
Mississippi	59	205
Arkansas	53	257
Alabama	40	266
South Carolina	40	289
Kentucky	37	313
Georgia	36	317
Tennessee	34	319
North Carolina	34	320
Oklahoma	33	360
Louisiana	34	365
West Virginia	16	409
Texas	30	419
Virginia	25	447
Florida	20	472

The shift of workers from agriculture to industry under a conversion program could be expected to increase the average income per worker in the South by about half above the 1940 level. If such a gain were coupled with full employment of the 2,000,000 who were jobless in 1940 and with an increase of 10 percent in the region's population in the next 10 years, total regional income could be expected to rise by about 90 percent.

The Need for Off-Farm Jobs

A fully effective agricultural conversion program for the South could release for other employment about 1½ million owner-operators, tenants, sharecroppers, and laborers who now are in agriculture. In order to provide useful

full-time employment within the region for these people, as well as all the others in the prospective Southern working force, about 13 million nonfarm jobs would be required in 1956, compared with not much over 8 million such jobs in 1940.

Many men and women have left Southern farms and cities since 1940 for the Armed Services and work in war industries. If the South can provide them good jobs after the war, most of them will come back afterwards. In addition, a Southern farm conversion program would release many men from farming, while population growth would add many more workers to the labor force. The following tabulation shows how many new jobs it would take to provide employment in the South for all of them.

In 1940, there were in the South:

Working on farms	4,400,000	persons
Working in nonfarm industry	8,200,000	"
Unemployed workers (on farms and elsewhere)	1,800,000	"
Total labor force, 1940	14,400,000	"
By 1956, usual growth of Southern population will increase this by	1,500,000	"
Total labor force, 1956	15,900,000	"

It is assumed here that part of the young people from the South will continue to move to other sections, as in the past, but that enough remain for Southern population to continue to grow as heretofore.

An agricultural conversion program could, under favorable conditions, reduce the number of people working on farms in the South to about 2,800,000 by 1956. To employ in industry the people released from farming and the others available by that time, would mean that employment would be as follows:

Projected employment, 1956, in the South:

Working on farms	2,800,000	persons
Working in nonfarm industry	13,100,000	"
Total labor force	15,900,000	"

Thus by 1956 an increase of 60 percent in Southern nonfarm employment would be required.

Can the Jobs be Made?

Past history throws some light on how rapidly progress might be made toward industrialization. In the first decade after the last World War, nonagricultural employment in the South increased from 5,762,000 to 7,720,000, an increase of 34 percent. An increase of 60 percent over 16 years (1940 to 1956) would not represent a much faster rate than that maintained during the decade of the 1920's--though, except for war industries which manage to keep going after the war, most of the new increase must be concentrated in the next 10 years.

Study of past experience indicates something of what the future developments might be in the South. Basing these developments on past trends, tentative estimates can be made of the possible extent of shifts in industry and occupations, as shown in the following table.

Table 2.- Gainful workers 10 years old and over, by general division of occupations, for 14 Southern States, 1910-40, and projected numbers for 1956

(All data in thousands of workers)

Division of occupations	Census data (adjusted) 1/				Projected program, 1956
	1910	1920	1930	1940	
Total	11,510	11,438	13,295	2/12,558	15,900
Agriculture, forestry and fishing	6,906	5,676	5,575	4,356	2,820
Nonagricultural	4,604	5,762	7,720	8,202	13,080
Mining	181	315	334	367	600
Manufacturing and mech. industries 3/	1,611	2,028	2,554	2,308	3,960
Transportation and communication	521	662	857	644	950
Trade	663	833	1,224	1,988	3,180
Public service	88	192	185	290	400
Professional service	326	420	651	734	1,250
Domestic and personal service	1,001	911	1,361	1,333	1,690
Clerical occupations	213	401	554	538	1,050

1/ Data adjusted to secure maximum comparability between classifications used in different census years. In 1940, data are for employed workers 14 years old and over.
2/ In addition, 1,821,804 workers in these States were on public emergency work, or were unemployed and seeking work, in 1940.
3/ Including construction.

Not all new jobs would be in factories. Instead, the record of the past shows that progress toward industrialization means a balanced growth in all parts of the region's economy--in transportation, trade, professional service, personal service, clerical work, mining--as well as in manufacturing. Out of the nearly 5 million more jobs needed, manufacturing and construction would be expected to provide only about 1.65 million, while the rest could be provided by these other industries.

This proportion of jobs projected for the South in 1956 is consistent with that in the rest of the country in 1940. The South would still have proportionately somewhat more workers in agriculture, and somewhat fewer in mechanical industries, transportation and trade, than the rest of the country had in 1940, but the differences would be far less marked.

Table 3.- Proportion of Southern workers in various industries, 1910, 1940, and projected, 1956, compared with 1940 proportions in the rest of the United States

Industry	South 1910	South 1940	South 1956	Rest of U.S. 1940 1/
	Percent	Percent	Percent	Percent
All industries	100.0	100.0	100.0	100.0
Agriculture, forestry, and fisheries	60.0	34.7	17.7	13.1
Manufacturing, mining, and construction	15.6	21.3	28.7	29.1
Transportation and communication	4.5	5.1	6.0	6.9
Trade	5.8	15.8	20.0	22.9
Domestic and personal service	8.7	10.6	10.6	8.4
Professional service ...	2.8	5.8	7.9	8.0
Public service	0.8	2.3	2.5	2.6
Clerical occupations ...	1.9	4.3	6.6	9.0

1/ Based on 1940 Census, reclassified to compare with earlier censuses.

Probable Paths of Development

The fact that the South has a long way to go to catch up with the rest of the country is a straw in the wind pointing toward increased Southern industrialization, but offers no real proof. There would be small reason to believe the South would come nearer to the national pattern if it lacked the essential human and physical resources.

The South, however, has the necessary resources--the raw materials, the markets, the labor force, and the enterprise. In the past the South never has been able to enjoy the full benefit of its rich resources. From bauxite to peanuts, its raw materials have been shipped elsewhere in large volume for processing.

Such peacetime industries as clothing, house furnishing, paper and printing, and residential construction that have had little or no wartime expansion offer the greatest opportunity for future expansion in the South. A brief glance at the more important of the South's resources gives a good idea of what directions expansion of its industry and trade could take.

Trained Workers and Managers. The greater part of the region's war industries--shipbuilding, munitions making, and military aircraft production--will be either discontinued or greatly curtailed when the war is over. Existence of these industries, however, will offer an excellent starting point for developing nonagricultural employment along more promising lines. The recently built plants are there for conversion. Large numbers of workers and managers trained in war industry will be available for peacetime production. Presence of this skilled personnel would at the start complicate the task of absorbing

former farm workers into industry and trade; but in the longer run such a nucleus of trained workers would be essential to the large-scale regional development required to give productive employment to all of the workers leaving farms.

Market-based industries. Some industries must be located near markets, either because of the high cost of transportation or because of the perishability of the product. The increase in Southern buying power under the conversion program, and especially the great shortage of housing and the general expansion in construction after the war, will make opportunities in almost every Southern community for a variety of market-based industries, such as bakeries, milk bottling plants, brick, tile, and concrete plants, and many others.

Material-based industries. Industries which use large quantities of heavy raw materials must be located near to sources of one or more such materials. Sawmills and pulp and paper mills, pig iron and steel, and food packing, canning, and preserving are all examples. Overhauling of freight rate structures, however, would be required to give many existing and new Southern industries a chance to compete on equal terms with those in other parts of the country.

Iron and steel could be materially expanded for Southern markets--though some changes in price or production policies of the large steel manufacturers might be required. Simple farm tools and machines, farm wire and fencing, and plumbing and heating equipment, also might be expanded from Southern steel for Southern markets, with a saving in transportation costs.

Ceramic clays, feldspar, slate, and other minerals abound in many parts of the South, and provide a basis for pottery, chinaware, artificial roofing, and other industries.

With proper management of its forest resources, both on farm woodlots and in forests, the South's annual yield of saw timber, and pulp and wood byproducts, could be largely expanded. Wood-working industries catering to Southern markets--kiln drying, finished dimension lumber, mill work for construction, partly fabricated wood parts for furniture and other wood products, and furniture, toys, and other finished wood products, all offer good opportunities.

Initiative-based industries. Many other industries use water, fuel, power, and labor which can be obtained in many different locations, and involve raw materials and finished products of such high value that they can be shipped for long distances without undue transportation costs. Who gets started first is the important thing in development of such enterprises. There are innumerable products of this type that might be expanded in the South, especially for nearby Southern demands--electric light fixtures, small plastic articles such as fountain pens, pencils, and office and home equipment, leather goods, and luggage.

The service industries. Besides these new manufacturing industries, service industries of all sorts--automobile and farm machinery repair and upkeep, electrical supplies and repairs, amusement and recreation industries--

will need to expand greatly. The potential demand for a great variety of services is nearly inexhaustible, and will tend to increase as levels of living rise.

Positive Steps to Encourage Industry and Trade

Conditions are generally favorable for a great expansion of nonfarm enterprise in the South. Most of the needed capital can be supplied by private sources, largely within the South itself. But in launching an agricultural conversion program that will cause many families to seek opportunities off the farm, it will not be enough merely to sit by and hope for the best. Many positive steps can and must be taken by Government to stimulate the expansion of industry and trade in the South and to integrate the new opportunities with the needs of families leaving agriculture.

Aid to New Enterprises

Public agencies can help stimulate nonfarm employment in a number of ways:

1. Federal and State agencies can stimulate and aid community planning groups to study their post-war employment problems, to survey prospective demands, and to plan for expanded local business and employment.

2. In cooperation with industry and engineering authorities, they can prepare information on the post-war prospects in specific industries. This will aid businessmen and community groups to judge the prospective success of such a plant and to select the industries best suited for expanding employment in their community.

3. Federal and State governments can help train displaced or under-employed farmers for industrial work, help them locate suitable jobs, and move their families. Similar retraining and placement services should also be provided for returning war plant workers and veterans, and adequate education provided for growing boys and girls.

4. Where private financing proved insufficient the Federal Government could help finance the new enterprises. This could be done for private business, through RFC, the Federal Reserve Banks, by an extension of Smaller War Plants Corporation for peacetime industry, or by other new financing provisions for small businesses. For farm cooperatives, this could be done through the Farm Credit Administration. Housing will be helped by established housing agencies, especially FHA.

State and Federal Programs

In addition to these efforts to facilitate the entry of former farm people into private industrial and trade employment, State and Federal governments should undertake a joint program for bringing about improvements vitally needed by farm people throughout the whole region. These include better schools, better roads, improved health facilities, and large-scale forestry

projects. Extension of rural electrification, although actually carried out through the initiative of cooperatives and other forms of private initiative, can be greatly stimulated through public credit. Improvement of farm housing is another important objective to be attained through private efforts, includin those of cooperatives, but which can be encouraged through either direct Government credit or guarantees of private loans.

The improvements mentioned here are vitally necessary to the successful conversion of Southern agriculture and must be undertaken in any case, whether or not there is any special need for increasing Government spending as an offset to any possible decline in business activity. Public efforts to bring about these improvements in the South can be integrated with the other phases of the conversion program and can be pushed vigorously at the start of the conversion period ~~while~~ the long-range industrialization process is gathering momentum.

Expansion of Agricultural and Food Marketing Facilities

Although food marketing and processing are part of general nonfarm development, the two activities deserve special mention because of their close link with agricultural conversion. Present facilities for processing and distributing Southern farm products would have to be enlarged in order to handle the greatly increased volume of milk, meat, eggs, and truck crops which would result from the conversion program. New dairies, fruit and vegetable assembly markets, packing plants, and storage facilities would have to be provided in plenty of time and in proper localities to handle the increases in farm production. New facilities would mean new jobs.

Expansion would be required in secondary food manufactures located near consuming centers, and in all the wholesale and retail channels by which food reaches the consumer. The new marketing facilities would be needed not only for the additional foods produced in the region, but for added amounts of food from other areas. As underemployed farm workers changed over to productive jobs in industry and trade, and Southern business expanded generally, average incomes in the region would rise sharply. Making allowance for some shifts to more expensive foods, and for increased efficiency per worker as the volume of food marketing increases, it is reasonable to expect that with full employment one-third more workers would be needed than in 1940 to handle distribution of food products in the South. The probable over-all effects of the conversion program on employment and investment in food processing and distribution are summarized very roughly in the following table.

Table 4.- Probable effects of conversion program on requirements for food processing and distribution facilities in the South

Industry	Employment (14 Southern States)		New investment
	1940	1956	
	Thousands	Thousands	Million dollars
Food processing	186	240	100
Retail food stores	182	250	
General merchandise stores	63	60	300
Eating and drinking places	87	130	
Wholesale food (est.)	100	130	
	617	810	400

Under favorable conditions, therefore, the total increase in employment would be about 200,000 persons, or nearly one-seventh of the total workers who would shift from farms to industry.

Assistance in Expanding Marketing and Processing Facilities

It is most important to farmers that the new food processing and marketing facilities be available in the right places at the right time.

To a large extent, private initiative, including that of cooperatives, will respond to the new needs, but Federal and State governments can do much to see that the development is prompt and orderly. Public agricultural agencies can give cooperatives and other groups of private investors technical advice as to what kind of processing and marketing facilities will be needed, how they can be built and operated most efficiently, and when and where they will be most likely to be needed. Assistance of this kind will be particularly useful when communities or groups of farmers want to set up their own facilities.

The Federal Government can encourage the needed developments through grants-in-aid to State agricultural colleges, departments of agriculture, and bureaus of markets as well as through offering the technical services of agencies of the U. S. Department of Agriculture.

Also, the various credit agencies of the Federal Government can stimulate development of food marketing and processing facilities by making adequate credit available on favorable terms.

Timing: A Chance That May Not Come Again

The years immediately after the war offer the South an exceptional opportunity to get in on the ground floor of a Nation-wide industrial expansion. During that period--if it is to achieve full employment--the Nation must create new peacetime work places for 10 million more workers--10 million more than it ever employed in peace. If the South pushes industrialization vigorously in that period, it can expand its industry as part of the Nation-wide expansion without having to "steal" industries from anywhere else.

Once that period is past, and the new industries are created over the country as a whole, the South can expand further only in strong competition for markets and for workers with industries already established in other parts of the country. The next few years the South can grow with the great national post-war expansion. Such an opportunity may not come again this century.

HOW TO CONVERT

In order to direct, strengthen, and supplement the forces already tending toward conversion of Southern agriculture, a positive well-rounded program will be required.

A Competitive Price for Cotton

A price level that will permit American cotton to be sold at prices competitive with other fibers both at home and abroad can be made possible simply through adjustment of Government loan and purchase rates.

Cotton Price Adjustment Payments

The impact of reducing the cotton price, if no supplementary steps accompanied it, would be tremendous. Thus price adjustment payments should be offered to bridge part or all of the gap between the new price and parity. These payments should be based on pre-war cotton acreage allotments, and thus would have no direct relation to a farm's cotton acreage during the period of conversion. The payments should be made on a progressively diminishing scale for a limited period--perhaps 5 years. If a longer period is required for readjustment, the payments might have to be spread over more years, but in this report 5 years is taken as the period over which cotton price adjustment payments would be continued.

During the first year the price adjustment payment per pound of allotment cotton should represent the full difference between market and parity prices. Eighty percent of the difference should be paid the second year, 60 percent the third, 40 percent the fourth, 20 percent the fifth, and none thereafter.

It would not be necessary to delay the start of this program until the income protection provisions of the Steagall Amendment terminate (2 years after the close of the war) because the proposed scale of price adjustment payments, during the first 2 years of the 5-year period, would at least cover the commitment made in the Steagall Amendment. Division of the price adjustment payments between landlords and tenants would be made according to a definitely established basis fair to both.

Improved Income Opportunities for Farm Families

The cotton price adjustment payments would just be a cushion. To bring about the desirable extent of agricultural conversion quickly and without undue hardships, farm families will need to shift from present types of farming and farming practices to farming systems that would reduce costs, maintain soil resources and provide adequate farm incomes over a period of years with cotton selling at competitive prices. A comprehensive program would be required to help farmers make the desired changes.

Participation in a program of this type would be entirely voluntary, but assistance to farmers desiring help in converting their operations would be conditioned upon their making and carrying out a farm plan which had been approved for technical adequacy.

The Farm Plan

The farm plan should be developed by the farm family in cooperation with a technical worker, and should fit the farm and the family. It should provide for a good system of farming and farm living, including a crop and livestock system adapted to physical resources and to prospective market outlets. The first year's operating plan should be worked out as one step in a 5-year conversion program. Annual operating plans would be worked out each year for the succeeding years of the program.

If the farm is too small at the start to provide an adequate living, and if the family is capable of operating a full-time farm, ways should be sought to add more land to the farm--either by purchase or long-term lease arrangements. If additional land cannot be found, the farm plan would provide for part-time work off the farm, and the program would include training farm people for such jobs and helping them find off-farm work.

Adequate technical help and guidance would be made available to help farmers put into effect the new patterns of farming, including the practices for which conversion payments would be made.

Conversion payments. The payments would be contingent upon carrying out practices outlined in the farm plan and would be based on the labor expended by the farmer and his family, as well as the out-of-pocket costs of the practices. They would be made at a uniform rate per unit for a given practice within an area, and would be made only after an inspection revealed that the practice had been carried out in a satisfactory manner.

As in the case of price adjustment payments, the conversion payments would be distributed to the landlord and tenants upon a basis agreed upon in advance and regarded as equitable by persons administering the conversion program. Such an agreement would become a part of the farm plan.

Integration of credit. Credit to participating farmers would be an integral part of the conversion program. In all probability no new credit agencies would be required; but it would be necessary for the existing credit organizations to gear their operations completely into those of the entire conversion program. Credit needs should be considered when each individual farm plan is worked out; and in turn, the entire farm plan should be considered in connection with a farmer's loan application.

Help in Finding Opportunities Off the Farm

For the farm families who wish to leave agriculture, the conversion program would offer assistance by helping them find purchasers or tenants among other farmers who wished to enlarge their farms. In instances where the farmers and farm workers leaving the farm wanted to enter other lines of work, the program would assist in training them for other occupations,

in helping them locate nonfarm jobs in the area, or in financing their travel to places of new employment. Older persons would be helped in locating homes to which they can retire.

Conservation Payments

On farms participating in the conversion program the conservation practices and payments would be included as a part of the more complete program. Separate payments would be made for carrying out conservation practices on farms whose operators were not receiving conversion payments.

The total conservation payments made to an individual farm that did not participate in the conversion program also should be based upon a farm plan, more simple than the conversion plan, but designed to fit the needs of the individual farm. An effort should be made to select and pay for the practices most needed on the individual farm.

How the Program Would Work: Some Examples

Conversion on a Small Farm

The actual application of the program can be illustrated by using a small farm in the Piedmont area as an example. Too much emphasis on row-crop farming there has resulted in serious erosion. Very little of the cropland is suited to large-scale cotton production. Shifts should be out of row crops and toward close-growing crops and pasture. This means more roughage-consuming livestock and larger farms.

This is the way the program could be expected to operate on a 75-acre cotton farm:

Table 5.- Application of the conversion program to a 75-acre cotton farm in the Piedmont area

Crop and Livestock Organization

	Present	After conversion
	Acres	Acres
Land use:		
Cropland	30	50
Unimproved permanent pasture	5	
Improved permanent pasture		30
Woodland	40	70
Total land	75	150
Crops:		
Cotton	5	8
Corn	10	8
Small grain	5	15
Hay	3	15
Rotation pasture	(5)	(15)
Garden and truck	2	3
Idle	5	
	Numbers	Numbers
Livestock:		
Workstock	1	2
Dairy cows	1	6
All cattle	1	16
Hogs	1	3
Hens	20	50

Table 5.- Application of the conversion program to a 75-acre cotton farm in the Piedmont area - Continued

Estimated Income and Expenses

Present organization		After conversion	
Cash income:		Cash income:	
Cotton, 2½ bales @ 19¢ 1/	$238	Cotton, 4 bales @ 13¢	$ 260
Cottonseed, 2,000 lbs.@ 2½¢	50	Cottonseed, 3,200 lbs.@ 2½¢	80
Misc. sales	50	Butterfat, 900 lbs. @ 50¢	450
		Cattle, 5 head @ $40	200
		Poultry and eggs	100
		Woodland products	50
		Misc. truck	50
Total cash sales	$338		$1,130
Cash expenses:		Cash expenses:	
Fertilizer 2/	$ 70	Fertilizer 3/	$ 77
Ginning	15	Ginning	20
Harvest, small grain	10	Harvest, small grain	30
Misc.	25	Seed (mostly lespedeza)	50
Mortgage interest	50	Feed (protein)	50
		Misc.	50
		Mortgage interest	100
Total cash expenses	$170	Total cash expenses	$ 377
Net cash income	168	Net cash income	753
Perquisites	300	Perquisites	300
Return to operator and family labor 4/	$468	Return to operator and family labor 4/	$1,053

1/ 92½ percent of parity price.
2/ Cotton $35, corn $25, small grain $10.
3/ Cotton $40, small grain $37.
4/ Excluding Government payments.

Table 5.- Application of the conversion program to a 75-acre cotton farm in the Piedmont area - Continued

Expenses, Credit Requirements, and Payments During Conversion

Price Adjustment Payments

First year	$62.50
Second year	50.00
Third year	37.50
Fourth year	25.00
Fifth year	12.50
Sixth year	none

Cost of Conversion Steps for Which Payments Would be Made

Establish 30 acres permanent pasture	$ 450
Fence, 80 acres	800
Terracing, 60 acres	60
Farm pond	50
Seeding lespedeza, including phosphate, 15 acres at $6 (annually for 5 years)	450
Mow pasture 30 acres per year - 5 years	150
Woodland improvement 70 acres @ $1 per acre for 5 years	350
Total for 5-year period	$2,310
Average per year	$ 475

Costs of Conversion Steps for Which Credit Would be Available

Dairy barn and poultry house	$ 500
Dairy heifers, 4 @ $40	160
Farm enlargement, 75 acres @ $20	1,500
Total	$2,160

In the example given, the conversion program would involve combining two of these small cotton farms into one operating unit. The effect of the program in the entire Piedmont area would be to reduce materially the cotton acreage over that planted in the pre-war period, to decrease corn acreage, to increase small grain and hay acreage, to increase the number of dairy cows and chickens, and to decrease the number of farm families by nearly 50 percent.

General application in other areas. The situation in the Coastal Plains is quite similar to that in the Piedmont except that the Coastal Plains has more alternatives to cotton. Fruits, vegetables, tobacco, and peanuts hogged off appear to be profitable alternatives on many farms under the conversion program. As these alternatives are rather intensive enterprises, the displacement of farm families may not be as great as in the Piedmont.

Although the alternatives to cotton vary among areas, the broad pattern of adjustment in other high-cost cotton areas would be similar to those of the Piedmont and Coastal Plains in that cotton acreage would be reduced in comparison to the acreage planted during the pre-war period and in that some farmers would need to obtain nonfarm employment.

Increasing Cotton Acreage on Low-Cost Farms

Most of the farmers in some areas and some farmers in all areas can reduce their cost of producing cotton to such an extent that it will be profitable for them to increase their acreage of cotton even at competitive prices. This may be illustrated by a typical 240-acre farm in the High Plains area in which probable income and expenses under both hand and machine methods are shown before and after adjustment.

Table 6.- Application of the conversion program to a 240-acre farm in the High Plains area

Farm Organization

	Present	Adjusted
	Acres	Acres
Cropland	200	200
Sudan pasture	10	10
Permanent pasture	20	20
Farmstead waste	10	10
Total	240	240
Cropland		
Cotton	70	140
Grain sorghum	115	45
Other crops	15	15

Table 6.- Application of the conversion program to a 240-acre farm in the High Plains area - Continued

Estimated Income and Expenses for Cotton and Grain Sorghum 1/

	Present		Adjusted	
	Hand 2/	Machine 3/	Hand 2/	Machine 3/
	Dollars	Dollars	Dollars	Dollars
Income:				
Gross value, lint & seed 4/	3,100	3,100	4,572	4,572
Gross value, grain sorghum 4/	1,288	1,288	504	504
Total	4,388	4,388	5,076	5,076
Expenses:				
Cotton 5/	1,568	897	3,136	1,435
Grain sorghum 5/	785	785	368	368
Total	2,353	1,682	3,504	1,803
Return for operator's labor and management	2,035	2,706	1,572	3,273

1/ Incomes and expenses other than for cotton and grain sorghum assumed to be the same in all cases.
2/ Cotton snapped by hand.
3/ Cotton stripped - 2-row stripper.
4/ Cotton yield 195 lbs. per acre, cottonseed yield 290 lbs., grain sorghum yield 16 bu. Cotton prices "present" (18.96 cents per pound, 92½ percent of parity),"adjusted" 13 cents per pound, grain sorghum 70 cents per bushel.
5/ Cotton expenses decreased 20 percent per acre with machine methods and larger acreage under adjusted organization; grain sorghum expenses increased 20 percent per acre with the smaller acreage.

It will be noted that the cost of producing cotton with machine methods is much lower than when hand methods are used. By reducing costs through mechanization, a farm operator could make a larger return by increasing cotton acreage and selling at competitive prices--13 cents--than he could by growing his present acreage of cotton and receiving 92½ percent of parity price ($3,273 as compared to $2,706). But if cotton were stripped by hand, the net income would be greater with the smaller acreage and higher price ($2,035 as compared to $1,572).

Under conditions of full employment, wage rates likely would be high, and would act as a powerful incentive for substituting machinery for hired labor. This would be true with or without a conversion program. More complete mechanization, especially in the absence of controls on cotton acreage, would tend to increase both the size of farm and the cotton acreage per farm. This would make for a fuller use of a cotton stripper, which in turn would lower per unit costs still further. Thus the difference in income between the present size and organization of farm and the size and organization of farm that would prevail under the new situation could be even wider than shown in the illustration.

The table shows patterns of farm income before and after adjustment in farm organization. During the transition, the farm operator would receive cotton price adjustment payments in the following amounts: First year, $682.50; second year, $546.00; third year, $409.50; fourth year, $273.00; and fifth year, $136.50.

In the High Plains cotton area, the program could be expected to result in a sizable increase in cotton acreage and a decrease in grain sorghum acreage. Little, if any, change would occur in other crops. There will be a tendency to increase the size of farms.

Application in other areas. The situation in the Low Plains cotton-producing area is fairly similar to that of the High Plains except that the farms are smaller and mechanization of cotton production has not progressed to the same extent that it has in the High Plains. A large proportion of the farmers in this area likely would prefer to increase their cotton acreage rather than maintain or reduce their acreage and receive conversion payments.

In the Delta, cotton has a high comparative advantage over other crops. The mechanical cotton picker, if successful and economical, would increase further cotton's advantage over competing crops at the same time it reduced the number of workers needed. Flame cultivators, mechanical choppers, and cross-cultivation to reduce hand work in chopping will have the same effect. It is probable that a large proportion of the farmers in this area would choose to increase their cotton acreage.

In the Gulf Coast area of Texas, particularly in the Corpus Christi area, the situation is somewhat similar to the Delta and High Plains.

Training and Placing Workers

Training would be provided for the farm operators and other workers who plan to enter either part- or full-time employment outside of agriculture. Definite courses of instruction would be offered for this purpose. Some of the necessary instruction could be given on the farm before the worker left to take other employment. The remaining instruction could be given in the locality where he is going to work, just before he goes on the job.

There also would be definite programs for recruiting and placing former farm workers in industrial employment. Perhaps as many as three-fifths, or about 900,000, of the farm people who leave agriculture for off-farm work will need definite help in getting placed. Insofar as possible, the new nonfarm employment should be in the South, preferably close to the farm that the worker is leaving.

PROBABLE EFFECTS OF THE PROGRAM

A conversion program for Southern agriculture would result in more diversified farm production throughout the region, larger and fewer farms, fewer farm operators, sharecroppers and farm laborers, substantially increased average farm income per family, a larger percentage of the Southern working force in industry and trade, and a considerably higher average per capita income for the entire region.

Less than 20 percent of the South's working force would be in agriculture, compared with 35 percent in 1940.

Changes in the Farming Pattern

With an annual production of about 13½ million bales, total acreage of cotton would be at least as large, and perhaps somewhat larger, than it was in 1943, depending on the continued rate of increase in average yield. There would be sharp changes, however, on individual farms. Some would have gone out of cotton altogether, some would have decreased cotton acreage drastically and some would have increased it. In general, cotton acreage would be concentrated on the farms that could produce it most efficiently, with corresponding decreases in cotton acreage elsewhere. Livestock production would be greatly expanded and the cropping pattern much more diversified.

The average acreage of farm land per family in the South would increase from about 110 acres in 1940 to about 170 acres in 1956.

Estimates of some of the more important changes in acreage and production that could be expected to result from the conversion program are shown in the following table.

Table 7.- Production of selected farm products in 14 Southern States 1940, 1943, and at end of conversion period

Product	Pre-war 1940	1943 output	Output at end of conversion (1956)	Estimated increase 1940-56	Estimated increase 1943-56
				Percent	Percent
Milk, sold and used on farms (billions of pounds, milk equiv.)	19.7	21.7	33.3	69	53
Beef slaughtered (live wt., billion pounds)	3.7	4.44	5.74	55	29
Pork (billion pounds, live wt.)	3.1	4.79	3.69	19	- 23 1/
Chickens and broilers (million pounds, live wt.)	687	1,171	1,201	75	2½
Eggs (million dozen)	797	1,129	1,164	46	3
Truck crops (1,000 acres)	936	924	1,224	31	32
Sweetpotatoes (1,000 acres)	598	838	938	57	12
Tobacco (1,000 acres)	1,242	1,311	1,411	14	8
Peanuts for nuts (1,000 acres)	2,040	3,595	3,295	62	- 8

1/ The expected decline in pork production would occur chiefly in slaughter for home use and would have little effect on commercial slaughter.

United States cotton production would total about 13.5 million bales under the conversion program, compared with approximately 12.5 million bales in 1940 and 11.5 million bales in 1943. In the South acreage of improved permanent pasture would increase by about 35 million acres, and of improved farm woodlands by about 65 million acres over the 1943 levels. During the same period acreage of oats would increase by about 8.5 million and tame hay by 3 million. Corn acreage would decrease by about 15.3 million acres, and that of grain sorghums by 1.5 million.

Changes in Farm Income

Gross income from farming in the South, assuming full national employment and price levels approximating those of 1943, would total about 5½ billion dollars a year, compared with an average annual income of less than 3 billion dollars for the pre-war period, and slightly more than 6 billion dollars for 1943. Cotton would account for little more than a fifth of the region's gross farm income instead of nearly a third, as in recent years.

The number of farm families, including operators, sharecroppers, and farm laborers, in the region at the end of the conversion period probably would be about 2,100,000, compared with 3,366,000 in 1940 and 3,007,000 in 1943.

Average gross farm income per family in the South probably would run around $2,500 a year or better, compared with about $2,000 in 1943, and an average of about $900 for the pre-war period.

Effects on Other Regions

Prospects of increases in Southern food production--particularly of milk, meat, eggs, and truck crops--may cause concern among farmers of other regions where those products already are being produced commercially on a large scale. Fears of significant competition from the South do not appear justified, howeve Foods whose production would be especially stimulated in the South would, in general, be those in which far too many Southern family diets have been deficient. For example, it is estimated that 2 million additional dairy cows would have been needed to provide even minimum nutritional requirements of the South's urban population in 1940.

To a large extent, the expended food production would be consumed in the South itself, in addition to present quantities of food now brought in from other regions. In fact, as an increasing proportion of nonfarm employment raises the average level of family incomes in the South, more foods from other regions, rather than less, probably would be needed to meet consumer demands backed up by enlarged purchasing power.

HOW MUCH WOULD CONVERSION COST?

The major steps required to convert Southern agriculture would entail varying degrees of public expense. Actions involving direct Government expenditures would include cotton price adjustment payments on a descending scale, and farm conversion payments for limited periods, in addition to continuing conservation payments. They also would include an expanded volume of credit and programs for training and relocating workers leaving agriculture. The major steps to expand industrialization, although closely related to the agricultural phases of the conversion program, are beyond the scope of this discussion. They would be large, including Government underwriting of a great volume of private investment plus extensive Government credit. The few direct methods by which agricultural agencies could assist in developing industrialization have been mentioned in an earlier section of this report and would involve relatively small administrative expenditures.

Major Direct Costs

The total cost of a conversion program cannot be calculated precisely in advance. Neither can that of any other equally comprehensive action covering the next decade. But on the basis of some arbitrary assumptions that would have to be made in any case, useful estimates can be made.

Price Adjustment Payments

For the purposes of this discussion it is assumed that the war will be over in 1946, that the conversion program will be under way on a large scale in 1947, and that cotton price adjustment payments will be needed for no longer than 5 years. It has been assumed that the world price of cotton will be 15 cents in 1947, 14 cents in 1948, and 13 cents thereafter. It has also been assumed that the parity price of cotton will remain at about 20½ cents a pound and that the adjustment payments during 1947 and 1948 must be large enough to cover the 92½ percent of parity commitment of the Steagall Amendment.

If adjustment payments were made on 13½ million bales of cotton annually and reflected 100 percent of the difference between the market price and the parity price in 1947, 80 percent in 1948, and descended at the same rate down to 20 percent in 1951, total payments for the 5-year period would be as follows:

1947	-	$371,250,000
1948	-	351,000,000
1949	-	303,750,000
1950	-	202,500,000
1951	-	101,250,000

Conversion Payments

In estimating the conversion payments, it has been assumed that about 80 percent of the families on farms needing conversion would enter the program, and that the payments would fully cover the costs of conversion to those families. On such a basis, about 1,450,000 farm families would take part. It also has been assumed that conversion would be started gradually, with 20 percent of the farmers starting in each of the first 3 years (1947, 1948, and 1949) and 10 percent each in 1950 and 1951. It was further assumed that the conversion payments on each individual farm would terminate within a 5-year period.

The 1943 situation was used as a starting point in estimating the total cost of this phase of the program. First, rough estimates were made of the adjustments in size of farm, in the acreage of each major crop, and the number and production of each class of livestock that would be required to provide each family full employment, a minimum adequate income, and maintain or improve at the same time, land resources. Estimates then were made of the various types of practices that would be needed to effect these adjustments and the probable cost of carrying them out. The unit costs of the different practices were based on cost of materials, seed, and other out-of-pocket expenses plus an allowance for the labor of the operator and his family in putting them into effect.

Under these assumptions and conditions, the schedule of farm conversion payments, by years, would be approximately as follows:

1947	-	$192,000,000
1948	-	367,000,000
1949	-	540,000,000
1950	-	506,000,000
1951	-	481,000,000
1952	-	297,000,000
1953	-	178,000,000
1954	-	62,000,000
1955	-	31,000,000

Conservation Payments

Payments for conservation would continue to be made to farm families who did not participate in a conversion program. For families taking part in such a program, conservation payments are included in the annual amounts for conversion shown above. As farmers completed their conversion plans, they again would be eligible for regular conservation payments. Basic conservation work done as part of the conversion program would tend to make subsequent annual conservation expenditures lower than they would be without a conversion program and lower than they have been running in recent years. An estimate of annual conservation payments during the conversion period follows:

1947	-	$68,000,000
1948	-	53,000,000
1949	-	38,000,000
1950	-	30,000,000
1951	-	22,000,000
1952	-	30,000,000
1953	-	38,000,000
1954	-	46,000,000
1955 and thereafter	-	50,000,000

Training and Relocation

As a result of the conversion program approximately 1,220,000 families, representing about 1,540,000 farm workers, could be expected to leave agriculture.

It would not be necessary to give assistance to this entire number in effecting the shift to nonfarm employment. About one-tenth of the farmers in the South are already part-time farmers with nonfarm employment. Another tenth of the farmers stopping commercial production might be expected to continue living on their farms and not seek regular employment. It would be reasonable to assume further that possibly as many as one-fourth of the working members of the remaining families leaving agriculture would find their own new jobs without special Government help or training. In this event, help would have to be extended only to 60 percent of those shifting from farm to industry, or about 925,000 workers.

It has been assumed that all these workers would require a 9-weeks' general training course. In addition to this general course, which could be given the workers before they left the home farm, it is probable that about one-half of them would want and need a specialized course which would need to be given at the place of employment or at special training centers. Funds for helping the families move to new jobs also would be needed, as well as for helping maintain the worker while at the training center. The Government's share of training and relocation expenses might run around $200 for each worker assisted. Of this total, $60 would be for the cost of instruction, $90 for subsistence while training, and $50 for travel and moving of worker and family. With this per capita, and assuming the farmers will make the change-over the first year their farms enter the program, the annual cost of training and relocation would run a little over 46 million dollars for the first 3 years of the program, and a little over 23 million dollars for each of the next 2 years. The total cost of the 5-year program would be about 185 million dollars.

Recapitulation: Major Direct Costs

The foregoing estimates represent the probable major costs of the conversion program, with the exception of administrative expenses. It has been assumed that the administrative work would be carried out by the field staff of the Department of Agriculture with the assistance of the State colleges and the Extension Service; and that the cost would be no greater than that of the services those agencies are giving at present. The same assumption has been made in regard to credit operations.

The estimated direct costs to the Government of the program, exclusive of its credit phases, would be in the neighborhood of 675 million dollars for the first year, would increase somewhat for the next 2 years, and then steadily decline. The average annual cost for the first 5 years would be slightly over 760 million dollars; for the second 5 years, less than 160 million.

The average yearly cost for the decade would be about 460 million dollars and the continuing cost thereafter, assuming completion of the program on schedule, including increased Southern industrialization and national full employment would be represented by 50 million dollars a year for conservation payments.

Credit Requirements

In addition to the direct cash costs of the conversion program, changes in necessary capital improvements will have to be financed. In many instances a change in the size and type of farm will call for such major improvements as new farm buildings or extensive repairs to existing buildings, as well as purchase of livestock, of machinery and equipment, or of additional land. Thus adequate agricultural credit is an integral part of the conversion program. It probably could be supplied by existing private and public

agencies if they take steps to gear their own programs fully to the regional conversion objective. The total loan funds that will be required are estimated to be as follows:

	Million dollars
Farm purchase or enlargement	850
Farm buildings	632
Equipment	632
Livestock	272
Total	2,386

WHAT ABOUT OTHER APPROACHES?

The true measure of the expense of any public program is relative. In examining the possibilities of an agricultural conversion program for the South, the basic questions are these: How do the costs and benefits of a conversion program compare with costs and benefits of other possible approaches? What approach can be expected to return the most in value received to the people of the South and of the whole Nation?

Past Programs

During the 10 years from 1933 to 1942 agricultural programs that related to the South cost the Government an average of about 225 million dollars a year. In the 3 years before we entered the war, the yearly cost averaged more than 325 million dollars. During the 1933-42 period farm returns for cotton, including all types of payment applicable to cotton, averaged 91 percent of parity. Farm income per family in the South averaged $865 a year. Stocks of cotton under loan or owned by the Government rose from about 2,400,000 bales (inherited from the Farm Board) to a peak of over 11 million bales during 1939. At the end of the decade, because of heavy war demands in the United States and the emphasis placed on food production, the pledged or Government-owned stocks were reduced to slightly over 6 million bales, much of it represented by grades and staples for which there was small demand, particularly in wartime. The costs of Commodity Credit Corporation cotton loan operations do not figure in the average cost figure for the decade, since CCC's operations to date show a book profit due to the rise in cotton prices.

In return for the 225 million dollars a year expenditure, the South and the Nation received undoubted benefits. The farm economy of the area was held together. Progress was made toward soil conservation, more diversification, and other elements of good land use. But all the basic difficulties are still there. Cotton's position at home and abroad still is vulnerable. The great numbers of Southern farm families who depend on cotton for a living are in turn still dependent on year-to-year programs of Federal support.

Possible Courses for the Future

In addition to the conversion program, four other approaches have been discussed seriously as means of aiding Southern agriculture. All four are built around the idea of supporting, by one means or another, incomes of cotton growers.

This section is an attempt to compare the relative costs and possibilities of each of the approaches, first, under conditions that might prevail with full employment; and, second, under conditions of fairly widespread unemployment.

With Full Employment

The chief general assumptions in making the comparison are: (1) That the parity price of cotton will remain at 20.5 cents a pound during the whole period under discussion; (2) that the "world" price of cotton will be 15 cents a pound in 1947, 14 cents in 1948, and 13 cents in 1949 and thereafter; (3) that during the second decade of the conversion program and during the entire course of other programs, agricultural conservation activities in the South will cost the Federal Government about 50 million dollars a year; (4) that land taken out of cotton will be used for purposes yielding the same income per acre as corn, and that Government payments similar to those used in the past would be needed to the extent to which the average annual cotton production was held under 13,500,000 bales (the estimated production under the conversion approach). In the comparisons of probable costs that follow, only direct expenditures by the Government are included.

With full parity price for all cotton and no export subsidies, no significant export market for U. S. cotton could be expected, and as synthetics captured more and more of the home market, domestic consumption would not be expected to run more than 8 million bales during the first decade after the war, or 7 million bales during the second decade. (This is a conservative estimate. Many people feel that domestic markets would be shrunk by an additional million bales in each of the two decades.) Cotton marketings would be greatly reduced, but the farmer would get his full price in the market place. Stringent acreage and marketing control would be required, together with large-scale benefit payments. The market position of U. S. cotton would be weakened to the advantage of foreign growers and makers of competing fibers. Cost to the Government would run over 375 million dollars a year for the first decade, and nearly 450 million during the second.

With parity price for all cotton with exports subsidized to the world price, the domestic position of cotton would be as weak as under the approach just discussed (with consumption running 8 and 7 million bales or less for the first and second decades respectively). Under the spur of subsidies, exports would perhaps average 4 million bales a year for the first decade, but might well grow smaller and smaller as a result of foreign reprisals against the subsidies. Acreage and marketing controls and benefit payments would be required. Those payments, plus export subsidies, would be major items in a probable total annual expense to the Government of more than 275 million dollars during the first decade and about 350 million dollars during the second.

With parity price for domestically used cotton and world prices for exports, domestic consumption would be as small and its market position as weak as under the first two approaches. Exports, with no outright subsidy to give direct provocation to foreign reprisals, would perhaps run around 4½ million bales a year or slightly more than if direct subsidies were used.

Some measure of control would be needed to keep supplies in line with limited domestic consumption at full parity. Growers would in effect receive a blended price for cotton, considerably lower than parity. Cost to the Government would run around 110 million dollars for the first decade, and 170 million for the second.

With a world price for all cotton, supplemented with income payments, domestic consumption of 9 million bales a year and exports of 4½ million bales could be expected during both decades. Cotton would be in a strong competitive position, but growers would be dependent on large year-to-year appropriations. Substantial income payments would be needed to make up the difference between the world price and the parity price for cotton. Cost of the program to the Government would run somewhat under 550 million dollars a year for the first decade, slightly above 550 million in the second.

With the conversion program, the pattern of cotton consumption would be similar to that of the approach just mentioned (total foreign and domestic use of 13½ million bales for both decades). Cotton would be in a strong competitive position. No acreage control would be needed. Income and conversion payments would be major items in an average cost to the Government of 460 million dollars a year for the first decade. For the second decade and thereafter, with Southern agriculture on a firmer footing, the annual cost would consist of 50 million dollars a year for the continuing conservation program.

> Except for the conversion program, each of the other approaches would tend, to a greater or lesser degree, toward perpetuating the conditions that originally made Government aid necessary. In addition, under all three of the approaches calling for parity price for cotton used in this country, U. S. consumers would pay substantially more for cotton products than under the approaches calling for a competitive price for all cotton, and the burden of the higher cost of cotton goods would fall relatively hardest on families with low incomes.

Average annual gross farm income, under the stated assumptions for the several programs, might be expected to range between 5¼ and 5-3/4 billion dollars a year to farmers in the Cotton South. The differences themselves may not seem so great, but the sources of income under each of the programs and the number of farm families among which it must be divided also must be considered.

The conversion program, which would cost the Government the second most in the first decade and would be by far the cheapest thereafter so far as cost to the Government is concerned, could be expected to yield the largest farm income in both the first and second decades. That is, the increase in incomes from sales of commodities other than cotton should more than offset the reduction of several hundred million dollars in Government payments, once the program is under way.

The use of income payments to supplement world price for cotton would yield the next highest income and would maintain the market for cotton, but it would also be the most costly to the Government.

Straight parity prices for all cotton, and the combination of parity prices for home use with farmers themselves selling at world prices in the export market, would yield the two smallest farm incomes, but their costs to the Government would be quite different. Pricing all cotton to parity would result in a costly and difficult Government program, while the other approach would require the smallest direct Government outlay in the first decade, and the next smallest thereafter.

With parity price to farmers for all cotton and exports subsidized to the world price by the Government, both costs to the Government and incomes to farmers would be on an intermediate level.

Since the conversion program could be expected to result in a considerably smaller number of farm families than any of the other approaches, its advantage over them would be markedly greater in terms of farm income per farm family than in terms of the regional total. Average gross farm income per farm family in the South might well run about one-third to one-half greater under the conversion approach than under the other approaches, or about $2,500 a year.

With Considerable Unemployment

If there should be a depression after the war, cotton farmers, together with everyone else, would be much worse off than under full employment conditions. There would, however, be few marked changes in the relative costs and effects of the five programs.

For the purposes of comparison, let us assume that 7 million persons would be unemployed in the period from 1951 to 1956, and that as a result the parity price of cotton would fall to 17½ cents a pound, and the world price to 12 cents. Let us also assume that the largest amount of cotton that could be consumed at freely competitive prices would be 11½ million bales instead of 13½ under full employment, and that under all five of the programs Government payments of one kind or another would make up half of the difference between the value at parity price of 13½ million bales (plus that of the corresponding amount of cottonseed) and that of U. S. cotton and cottonseed actually used at prevailing prices in this country or abroad.

Annual gross farm income for the South would range between 4½ and 4¼ billion dollars under the different approaches. It still probably would be greatest under the conversion program, and smallest with parity for domestic consumption and a world price for exports. The last-named approach still would be the least costly to the Government, with expenses estimated at slightly under 200 million dollars a year. With considerable unemployment, the conversion program would be next cheapest, costing about 275 million dollars. The-world-price-and-income-payment approach still would be the most costly--nearly 470 million dollars a year. As under full employment, the conversion program would tend to result in the smallest number of farm families, and consequently in correspondingly larger incomes per farm family. Actual numbers who would leave farms in times of depression under the conversion are hard to estimate. With widespread unemployment they would naturally share the hazards of other nonagricultural workers. However, even should these workers remain on farms, average farm incomes per family still would be largest under the conversion program.

SUMMARY

Steadily rising competition from foreign growths and synthetics is making the position of United States cotton growers increasingly precarious. If the farm price of cotton is maintained at or near parity in the years after the war, export and domestic markets will be seriously reduced. Yet large numbers of cotton farmers would find it impossible to continue to grow cotton at freely competitive prices.

The position of all of Southern agriculture is seriously jeopardized, for cotton is by far the most important cash crop of the area and is grown by half of the South's farm families.

Also, the difficulties besetting cotton as a commodity are not the only threat to the future well-being of Southern farm people. Large numbers of them are seriously underemployed, on farms that are either too small or for other reasons too unproductive to fully utilize the skill and labor of a farm family and to yield an adequate family living. During the decade ending with 1942, farm income per family in the South was less than half that of farm families in the rest of the country. Immediate difficulties are heightened as mechanization and other improvements in the technology of agricultural production push more and more families off their farms and often completely out of agriculture. After the war, even more rapid gains in mechanization are in prospect. For the long run, mechanization holds promise of more productiveness and better incomes. For the short run, without careful management it can mean great distress.

In the tangled situation two facts stand out. First, efforts to maintain the position of cotton artificially are, in the long run, almost certainly doomed to failure. Price maintenance means loss of the export trade and reduction of home markets, as well as an eventual choice between drastic acreage control and the piling up of an unmanageable surplus. Export subsidies invite retaliation. Support of cotton through income payments to growers means increasing dependence of Southern farmers on large year-to-year Federal appropriations. Neither course would cure the situation; both would tend to perpetuate the conditions that made Federal aid necessary.

Second, strong tides toward more diversified farming and displacement of many farm families already are running in the agricultural South. Efforts to prop up cotton artificially could not stem that tide; they would only cause dangerous cross-currents.

Another course is open--an agricultural conversion program to take full advantage of the tides that are running and to harnesstheir power constructively. Such a conversion program would call for a competitive price for all cotton so as to increase consumption and encourage production of the South's leading crop by farmers who could grow it efficiently. A conversion program also would assist farmers who cannot grow cotton profitably to shift to other farm enterprises, and would assist underemployed members of the region's dense farm population to leave agriculture altogether for productive work in industry or trade. Conversion would mean fewer and larger farms, better farm incomes, and a higher agricultural income for the whole region.

Hand in hand with the agricultural conversion program would go a broad program to encourage greater industrial zation in the South. Obviously, people should not be encouraged to leave farms unless they have good jobs to go to in other lines. Also, more industry and trade in the South will mean better markets for the farm people who remain on the land.

In the decade after the last war, without the aid of any definite program nonagricultural employment in the South increased by a third. A nearly two-thirds increase will be required in the decade after this war to provide full-time jobs for all of the working force of the area, including those who leave farms. The South has the basic human and physical resources for such an increase. An integrated program of technical assistance and credit would greatly stimulate such a development. Although interdependent, and closely related as to timing, the agricultural and industrial programs would of necessity operate separately. Local, State, and Federal agricultural agencies and organizations that would handle much of the job of farm conversion are not equipped for widespread action in the nonfarm field. An outstanding exception is development of new processing and marketing facilities for the new products that would be produced on Southern farms. There, agriculture has a direct interest in adequate and well-timed development, and a large contribution to make.

Essentials of the agricultural conversion program would consist of: (1) A freely competitive price for all cotton, (2) cotton price adjustment payments on a descending scale for a limited period to cushion the drop from present price levels, (3) a broad program of assistance to farmers who needed to go out of cotton, reduce their cotton acreage, enlarge their farms, or make other basic changes in order to establish a stable, diversified pattern of farming that could best be expected to yield adequate incomes, (4) an integrated system of conversion payments and credit facilities to help farmers make the required changes, with aid conditioned on following long-range individual farm plans, and (5) a program for training for other work farm people who wanted to leave agriculture and of helping them locate jobs and establish themselves.

Under conditions of full national employment, the active phase of the conversion program could be completed in 10 years. The diminishing cotton price adjustments would be made during a 5-year period. Conversion of individual farms also could be accomplished in 5 years, but it would be reasonable to expect farmers to enter such a program in different years during the decade.

While full national employment would speed the conversion program and enhance its benefits, the success of the program would not be dependent on full employment. Even with considerable unemployment, the conversion program would have advantages over other possible approaches.

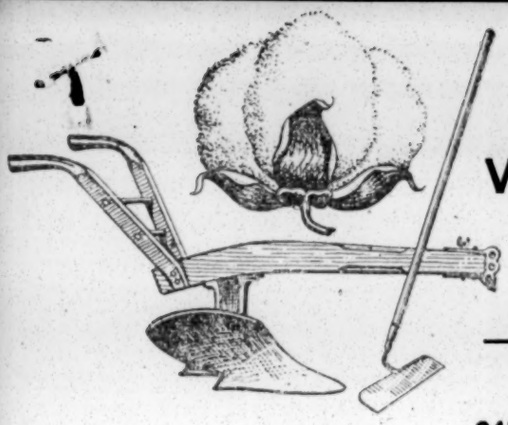
During the first decade, the conversion program might cost the Federal Government an average of 460 million dollars a year. This sum would be something more than 100 million dollars larger than the average cost of farm programs in the South during the 3 years before the war. It would be larger than the estimated cost of some of the alternative approaches

for the future, smaller than that of others. It could be expected, however, to result in the greatest farm income for the region, and because of the smaller number of farm families, an even larger relative advantage in income per farm family.

During the second decade and thereafter, the conversion program, while it still could be expected to yield the largest farm income, would be by far the least expensive of the possible approaches. Once the major phase of agricultural conversion had been completed, the cost to the Government would be confined to that of a continuing conservation program. The other approaches, since they would not have cured fundamental weaknesses, would cost more in the second decade than in the first.

Carrying out a truly effective conversion program would require changes in well-established patterns of farming and habits of thought. Prejudices and educational deficiencies would have to be taken into account and overcome. Determined effort and close cooperation on the part of farm and city people and local, State, and Federal governments would be required. In a word, the difficulties would be great.

But the gains could be tremendous. Alone of all possible approaches, the conversion program offers a way toward curing, and not merely palliating, the ills that have beset the agriculture of the South.



WASHINGTON FARM LABOR LETTER

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REVAMPING AGRICULTURE

The general picture of the Department of Agriculture, as it is being revamped under new Secretary Clinton Anderson, is not without hope. The Secretary is enlisting the services of "good" people in the reorganization.

Two officials active in the reorganization, who have been widely commended, are Ed Gaumitz and Milton Eisenhower.

Gaumitz, formerly in the Food Distribution section of the Bureau of Economic Warfare, is notable for his report on the food situation. As Chairman of the Interdepartmental Committee on the War Situation, he presented a report extremely critical of War Food Administration, and pointed out that agriculture had not been mobilized, that bounties were still being paid on short staple cotton, and that little farmers were being ruined. His report called for full utilization of available manpower. The report proved embarassing, and was objected to by former Secretary Wickard on the grounds that the Committee had not been asked for this type of survey.

Milton Eisenhower, brother of the General, is also a man in whom confidence may be placed. He is at present on leave from Kansas State College of which he is president. He was formerly key man at the Department of Agriculture where he organized the present Information set-up. He then set up and organized OWI. Now he is back in Agriculture.

Although the presence of these capable men, among other aspects, presents an encouraging picture of the Department under Clinton Anderson, it must be remembered that the forces of reaction in Agriculture are extremely powerful, and that the struggle to achieve progressive measures over the opposition of the farm bloc will remain Herculean.

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SHIFT IN AUTHORITY

Significant news is the likely rumor that farm labor will be taken away from the Department of Agriculture and turned over to the jurisdiction

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of the Department of Labor, as a part of a general move to place all labor problems under one roof. This is all to the good. Farm labor would cease to be an orphan. But the present War Labor Bill would prevent even a functioning Department of Labor from handling farm labor in the way that it should be handled. So long as this law remains on the books, the Agricultural Extension Service is in actual control of the movement of farm labor.

Experts in Washington foresee the same problems for the Department of Labor, and new Secretary Lewis B. Schwellenbach, that were experienced by the Farm Security Administration. The Extension Service retains full authority for local control of certification of all farm labor, and it may prohibit provisions for wages, housing, sanitation, etc. from becoming a part of recruiting or placement. This authority is administered through local County Agents, whose interests, in the South, are identified with those of the large-scale planters through local units of the Farm Bureau Federation.

Naturally any decisions made in Washington with respect to farm labor while County Agents retain their present power will be subject to veto at the local level. And it follows that the same political pressure that kept these County Agents in power throughout the active life of the Farm Security Administration will be equally eager to maintain the authority of these local officials against any threat from the Department of Labor. If possible, the feudal interests in the South will keep the local labor excesses no matter what shortages develop elsewhere.

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DELMO HOMES
TO BE SOLD

All efforts to secure continued governmental administration of the Delmo Labor Homes project set up by Farm Security in southeast Missouri and ordered liquidated by Congress have failed. Also unsuccessful was the attempt to secure legislation providing for a plan for purchase by present occupants of the homes.

Bids for the purchase of the project will be opened by Farm Security Administration on August 23rd, at which time the 580 homes will be sold to the highest bidder.

Advertising for bids has been placed, and the bids were originally scheduled to be opened on July 24th but were postponed until the latter date, according to FSA, in response to many requests to allow additional time in order that the present occupants might try to raise enough money to bid on their homes.

Farm Security Administration's action in setting the date for the acceptance of bids followed failure to secure legislation, HR 3071, introduced by Congressman Frank Hook of Michigan which would have provided means for purchase by the tenants. The Bill was sponsored by the Southern Tenant Farmers' Union of which the project residents are members. Public hearings were held under the chairmanship of Congressman Pogue of Texas June 1 0th. At this one-day hearing, residents and others, including the Reverend Charles Wilson of St. Louis speaking on behalf of Bishop William Scarlett of Missouri

urged the adoption of the Bill. The Bill was never reported out of Committee. Congress recessed to reconvene the first week in October at which time the project will already have been sold.

In the meantime, plans for the possible formation of a non-profit corporation to purchase and administer the project are proceeding in St. Louis. This corporation would be established under the laws of the State of Missouri by Bishop William Scarlett as Chairman of the Board of Directors, Mr. Edwin Meisner of the St. Louis Car Co., Mr. Fritz Von Windigger of the Plaza Bank of St. Louis, the Reverend Charles Wilson and Mrs. Josephine Johnson Cannon.

If the corporation negotiates the purchase of the project from Farm Security Administration, it will sell the houses to present occupants and other farm families who intend to make their homes in the communities on terms of $100 down payment, the balance to be amortized in not more than five years. The corporation will arrange for administration of the project by a capable administrator whose responsibility would be maintenance of public buildings and facilities. Self government and all legal rights of citizens would be guaranteed to purchasers.

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RURAL HOUSING
NEED STRESSED

Senate Bill 1342, The General Housing Act of 1945, was introduced in the Senate last week by Senators Robert F. Wagner and Allen J. Ellender along with the Taft Committee Report.

Both the Wagner-Ellender Bill and the Taft Report point to the need for provision for rural housing, altho' only the Bill provides concrete proposals. The provisions for rural housing contained in the Bill are basically of two types: (1) Non-subsidized housing on a basis similar to the Tenant-Purchase Program of the Department of Agriculture providing 3% loans and long term payments, and (2) Subsidized housing to be administered through local housing authorities by Federal Public Housing. Five million dollars a year for five years for subsidies is asked. It would make possible approximately 300,000 rural units.

The Taft Report points to the lack of adequate information and proposals regarding rural housing and stresses the urgent need for study in this field.

Federal Public Housing badly needs a rural section staffed by specialists in the field. Its present staff is totally inadequate for this purpose, and although officials recognize the need they are prohibited from doing significant rural work by lack of funds.

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FEPC BLOODY
BUT UNBOWED

The work of the Fair Employment Practices Committee has been continued by Congress, but with only half as much money appropriated for its use

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as last year.

The present appropriation was secured only after a magnificent battle by the agency's supporters who were able to keep in suspense funds for all other agencies covered by the Appropriations Bill until the FEPC matter was settled. (Congressman Clifton Woodrum D, Va., said he voted for the FEPC appropriation because he saw no other way to get funds to the other agencies.)

FEPC will be seriously crippled, however, by the cut in funds and has been compelled to to reduce its staff. Several proposed plans are under consideration for the continuation of work...including the possibility of spending the money appropriated in less than one year or using volunteer workers.

Even though the agency has been seriously weakened, the fact that it received any appropriation in face of the bitter opposition of a Congressional minority demonstrated its great majority support.

Many members of the Southern Tenant Farmers' Union were among those who wired and wrote their Senators asking support for FEPC.

Following the present House recess an effort will be made by proponents to secure adoption of the Norton Bill to create a permanent FEPC, and continued and increased support will be needed at that time. Already 131 signatures have been secured to a petition to bring the Norton Bill out of committee.

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NEWS FROM THE FIELD

$625. ANNUAL WAGE FOR FARM LABOR ASKED

A demand for an annual income of $625 for all farm labor in the cotton producing South has been made by the Southern Tenant Farmers' Union, which has distributed 10,000 printed circulars announcing the demand throughout the Delta region of the Mississippi.

This demand amounts to an average of $1.72 for each day in the year, or to $5.00 for each 10-hour day for the average 125 days employment of cotton workers in this highly seasonal work.

Simultaneously with the Union's efforts to set a floor under wages at only a fraction of the average wage in the rest of the country, organizations of planters have been calling on the War Food Administration to set a ceiling on farm wages, throughout the Delta area, according to H. L. Mitchell, president of the Union. The Arkansas Agricultural Council

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and the Delta Council of Mississippi have petitioned WFA for such a ceiling, he reported.

According to Mitchell, a group of planters in Louisiana is forming a combination to enforce a ceiling of $1 a day on wages paid farm labor in the state.

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STFU PLACES
STUDENT WORKERS

Nearly 500 southern college students found essential work in the food processing industry this summer through the efforts of the Southern Tenant Farmers' Union.

These student workers, many of whom live in rural areas of southern states where their families are farm workers, arrived June 1, in Bridgeton, N.J. where they will be employed for the summer months in the Deerfield Packing Corporation plant. They are housed in the Federal Housing Project known as Seabrook Dormitories which also houses Japanese-Americans, Negroes and Whites.

The placement of these student workers is a part of a larger plan for organized migration of southern farm workers conceived in 1944 by the STFU and the Meat and Cannery Workers Union (A.F. of L.) which has collective bargaining contracts in plants on the Atlantic Coast. Members of the STFU have worked in a number of these plants under jurisdiction of this AFL union during the season.

Approximately 20 southern colleges are represented in the student migration.

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EDITOR'S POSTSCRIPT. Newspapers and organizations are free to use any of the material contained in issues of the Farm Labor Letter. The Letter will appear regularly each month. (A Letter did not appear In June due to the birth to the editor of a baby girl.)

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